

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 783

property shall apply to the settlement agreement or to any interest or power created by it." The 1991 Agreement commits the State and ASRC permanently to merge their titles with no right of partition, to jointly lease and develop their interests, and to take a number of other steps with respect to their lands for an indefinite period of time. The law is generally hostile to such perpetual restrictions or restraints on alienation that might be deemed unreasonable. AS 34.27.010, for example, provides that an interest that would violate the rule against perpetuities may be reformed by a court. If the rules apply, the 1991 Agreement could be challenged at any time by the State or ASRC (or possibly in a citizen suit) and stricken down or modified in ways that were never intended.

A major consideration of both the State and ASRC in entering into the 1991 Agreement is improving marketability of title. This objective, and the benefits of the settlement, would be frustrated if the merging of title, prohibition against partition of those interests and executive rights provisions were ever successfully challenged as violative of the rule against perpetuities or as an unreasonable restraint on alienation. Accordingly, Section 2 exempts the 1991 Agreement from these requirements.

Section 3. COMMISSIONER AUTHORITY. This section affirmatively authorizes and directs the Commissioner to carry

out the exchange and makes it clear that in doing so he carried out the mandate of the legislature. The Commissioner is not authorized, however, to materially amend the 1991 Agreement without coming back to the legislature for approval.

Section 4. RECORDATION. This section requires the Commissioner to record the 1991 Agreement in the appropriate recording office, incorporate it into the DNR land record system, and deposit a signed original with the State Archivist.

Section 5. ACTIONS. In order to minimize the possibility that the exchange will have to be unwound after the State and ASRC have committed themselves to making the conveyances and taking the other actions required by the 1991 Agreement, this section provides that any action challenging the legality of the 1991 Agreement must be commenced within six months of the effective date of the legislation. Specifically this provision will insure that the State and ASRC will know whether the exchange is going to be challenged before the Colville Delta lands are leased in a State lease sale scheduled for December 1992. The Act itself may not be construed as creating any rights in any party not privy to the 1991 Agreement to challenge that Agreement or the Act. Finally, the Section waives the sovereign immunity of the State of Alaska to any suit brought by ASRC to enforce the 1991 Agreement, provided that any such action is commenced in a Superior Court of the State of Alaska.

Section 6. EFFECTIVE DATE. This Section provides for an immediate effective date in accordance with AS 01.10.070(c).

PLEASE MICROFILM TOP PAGE ONLY

DOCUMENTS WHICH HAVE NOT BEEN
FILMED BUT ARE AVAILABLE IN THE
ORIGINAL FILE INCLUDE:

→ 1991 Settlement AGREEMENT BETWEEN
ARCTIC SLOPE REGIONAL CORPORATION AND
THE STATE OF ALASKA

HB417

(11)

HOUSE COMMITTEE REPORT

Date Referred: March 20, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/5/92

The FINANCE Committee considered:

HR 417

HOUSE BILL NO. 417

LOAN AUTHORITY OF AIDEA

"An Act relating to the loan authority of the Alaska Industrial Development and Export Authority and to a project for which the legislature has approved the Authority's issuance of bonds; and providing for an effective date."

RECOMMENDATIONS:

be replaced with

CS HB 417 (FIN)

[] the same title

[x] a new title

[] have attached amendments(s)

[x] 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 _____

[] fiscal note(s) _____

[] zero fiscal note _____

[x] zero fiscal note(s) DCED 2/5/92

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Mike Navarre Navarre	✓	Mark Beyer Beyer		X	
Mark Beyer		Keperen			X
Tam Brown Brown	✓	Ben Sharp Sharp		X	
Karen Barnes Barnes	X	John Wilma Wilma		X	
Ronald J. Larson Larson	X				
Roll E. Phillips Phillips	✓				

Mike Navarre Navarre

CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CS for HB 417

Revision Date: February 11, 1992 Department Affected: DCED

Title: An Act Relating To The Financing Authority of AIDEA BRU: AIDEA
Component: AIDEA

Sponsor: Rep. Choquette

Requestor: _____ COMPONENT SERIAL NO.

1	2	3	4
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

This bill will have no fiscal impact on AIDEA

Prepared By: William H. Scott, Executive Director Phone: (907) 561-8050

Division: AIDEA Date: 2/11/92

Approved by Commissioner: *William H. Scott*

Agency: _____ Date: 2.13.92

CS FOR HOUSE BILL NO. 417 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
 Referred:

Sponsor(s): REPRESENTATIVES CHOQUETTE, Baker, Zawacki, C.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority of the Alaska Industrial Development and
 2 Export Authority and of the Alaska State Housing Authority, to a project for which the
 3 legislature has already approved the Authority's issuance of bonds, and to approval of the
 4 issuance of bonds for an Anchorage airport seafood facility, an Anchorage airport fueling
 5 facility, and the Ketchikan Shipyard as additional projects of the Authority; and providing
 6 for an effective date."

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

8 * Section 1. Section 25, ch. 123, SLA 1990 is repealed and reenacted to read: ,.

9 Sec. 25. The Alaska Industrial Development and Export Authority may issue bonds to
 10 finance the acquisition, design, and construction of aircraft maintenance air cargo/air transport
 11 support facilities located at Anchorage International Airport, to be owned by the Authority. The
 12 principal amount of the bonds may not exceed \$85,000,000. This section grants the legislative
 13 approval required by AS 44.88.095.

1 * Sec. 2. The Alaska Industrial Development and Export Authority may issue bonds to finance the
2 acquisition, design, and construction of public use aircraft fueling facilities located at Anchorage
3 International Airport, to be owned by the Authority. The Authority may not construct a pipeline
4 transmission system under the approval given in this section that gives a competitive advantage to any
5 party. The principal amount of the bonds may not exceed \$40,000,000. This section grants the
6 legislative approval required by AS 44.88.095.

7 * Sec. 3. The Alaska Industrial Development and Export Authority may issue bonds to finance the
8 acquisition, design, and construction of a facility for the offloading, processing, storage, and transloading
9 of seafood located at or near Anchorage International Airport, to be owned by the Authority. The
10 principal amount of the bonds may not exceed \$50,000,000. This section grants the legislative approval
11 required by AS 44.88.095.

12 * Sec. 4. The Alaska Industrial Development and Export Authority may issue bonds to finance the
13 design, construction, reconstruction, improvements, and equipping of the Ketchikan shipyard facility to
14 be owned by the Authority. The principal amount of the bonds may not exceed \$15,000,000. This
15 section grants the legislative approval required by AS 44.88.095. This approval is contingent upon the
16 transfer of the shipyard facility according to terms that are mutually agreeable to the membership of the
17 Alaska Industrial Development and Export Authority and the director of the Alaska marine highway
18 system.

19 * Sec. 5. Notwithstanding AS 18.55.100(d), the Alaska State Housing Authority shall issue its bonds
20 under AS 18.55.010 - 18.55.290 to finance the design, construction, improvements, and equipping of an
21 addition to court facilities in Anchorage, to be owned by the Authority. The principal amount of the
22 bonds may not exceed \$40,000,000.

23 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

7-LS1767V
Chenoweth
4/27/92

Public Hearing

adopted

CS FOR HOUSE BILL NO. 417 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES CHOQUETTE, Baker, Zawacki, C.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority of the Alaska Industrial Development and
2 Export Authority, to a project for which the legislature has already approved the
3 Authority's issuance of bonds, and to approval of the issuance of bonds for an Anchorage
4 airport seafood facility, an Anchorage airport fueling facility, and the Ketchikan Shipyard
5 as additional projects of the Authority; and providing for an effective date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** Section 25, ch. 123, SLA 1990 is repealed and reenacted to read:

8 Sec. 25. The Alaska Industrial Development and Export Authority may issue bonds to
9 finance the acquisition, design, and construction of aircraft maintenance air cargo/air transport
10 support facilities located at Anchorage International Airport, to be owned by the Authority. The
11 principal amount of the bonds may not exceed \$85,000,000. This section grants the legislative
12 approval required by AS 44.88.095.

13 * **Sec. 2.** The Alaska Industrial Development and Export Authority may issue bonds to finance the

1 acquisition, design, and construction of public use aircraft fueling facilities located at Anchorage
2 International Airport, to be owned by the Authority. The principal amount of the bonds may not exceed
3 \$40,000,000. This section grants the legislative approval required by AS 44.88.095.

4 * **Sec. 3.** The Alaska Industrial Development and Export Authority may issue bonds to finance the
5 acquisition, design, and construction of a facility for the offloading, processing, storage, and transloading
6 of seafood located at or near Anchorage International Airport, to be owned by the Authority. The
7 principal amount of the bonds may not exceed \$50,000,000. This section grants the legislative approval
8 required by AS 44.88.095.

9 * **Sec. 4.** The Alaska Industrial Development and Export Authority may issue bonds to finance the
10 design, construction, reconstruction, improvements, and equipping of the Ketchikan shipyard facility to
11 be owned by the Authority. The principal amount of the bonds may not exceed \$15,000,000. This
12 section grants the legislative approval required by AS 44.88.095.

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

7-LS1767S
Chenoweth
4/22/92

CS FOR HOUSE BILL NO. 417 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES CHOQUETTE, Baker, Zawacki, C.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority of the Alaska Industrial Development and
2 Export Authority, to a project for which the legislature has already approved the
3 Authority's issuance of bonds, and to approval of the issuance of bonds for additional
4 projects of the Authority; and providing for an effective date."

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

6 * Section 1. PURPOSE. The purpose of this Act is to

7 (1) eliminate a blanket prohibition against the Alaska Industrial Development and Export
8 Authority's ability to issue bonds, other than refunding bonds, without securing the prior approval of the
9 legislature and to restore, until June 30, 1995, a provision of law giving the Authority the ability to issue
10 its bonds to assist in the financing of a development project without prior legislative approval if the
11 proposed bond issue does not exceed \$10,000,000;

12 (2) modify the requirements and restrictions imposed on the use of money in the Alaska
13 Industrial Development and Export Authority's enterprise development account to permit the Authority
14 to improve its capacity to serve as the primary source of secondary project financing in the state;

1 (3) modify the interest rate restriction applicable to the loans guaranteed by the Alaska
2 Industrial Development and Export Authority;

3 (4) improve the Alaska Industrial Development and Export Authority's ability to support
4 the state's expanding tourism industry;

5 (5) reenact the project approval given by sec. 25, ch. 123, SLA 1990, to express
6 legislative project approval for the Alaska Industrial Development and Export Authority's participation
7 in the financing of a more versatile aircraft facility or facilities at the Anchorage International Airport
8 and of a larger bond issue, as presently contemplated by the principal sponsors of those facilities;

9 (6) approve the Alaska Industrial Development and Export Authority's issuance of bonds
10 to assist in the financing of additional development projects under AS 44.88.172 - 44.88.177; and

11 (7) approve the Alaska Industrial Development and Export Authority's acquisition of the
12 Ketchikan shipyard facility and direct the improvement and expansion of that facility.

13 * Sec. 2. AS 44.88.085(g) is amended to read:

14 (g) The authority shall adopt regulations necessary for the following purposes in
15 connection with its programs for the financing of projects under AS 44.88.155 - 44.88.159:

16 (1) determination of borrower eligibility;

17 (2) loan guidelines and terms, including

18 (A) [, BUT NOT LIMITED TO,] maximum loan amounts;

19 (B) [AND] required loan-to-value ratios; and

20 (C) a method for determining loan interest rates for the loans that are
21 financed directly from the assets of the authority [, BUT EXCLUDING LOAN
22 INTEREST RATES];

23 (3) characteristics of projects eligible for loans or purchase of loans; and

24 (4) the qualifications of loan originators and servicers and the method of
25 allocating amounts available for the purchase of loans.

26 * Sec. 3. AS 44.88.095(g) is repealed and reenacted to read:

27 (g) Without prior legislative approval, the authority may not issue bonds in an amount
28 greater than \$10,000,000 to assist in the financing of a development project under AS 44.88.172 -
29 44.88.177.

30 * Sec. 4. AS 44.88.095(g) is repealed and reenacted to read:

31 (g) Without prior legislative approval, the authority may not issue bonds, except

1 refunding bonds.

2 * Sec. 5. AS 44.88.155(c) is amended to read:

3 (c) Money and other assets of the enterprise development account may be used to secure
4 bonds of the authority issued to finance the purchase of loans for projects or may [SHALL] be
5 used to purchase participation in the loans for projects.

6 * Sec. 6. AS 44.88.155(d) is amended to read:

7 (d) A loan participation purchased [IN WHOLE OR IN PART] by the authority with
8 assets of the enterprise development account or with proceeds of bonds secured by assets of the
9 enterprise development account [, OTHER THAN A LOAN WHICH IS FINANCED WITH THE
10 PROCEEDS OF BONDS OF THE AUTHORITY AND SECURED ONLY BY A PROJECT
11 APPLICANT OR A PROJECT,]

12 (1) may not exceed \$10,000,000;

13 (2) may not be purchased unless

14 (A) the project applicant is not, or, if the applicant is not a single
15 proprietorship, all members of the business enterprise or enterprises constituting the
16 project applicant are not, in default on another loan made by the state or by a
17 public corporation of the state; and

18 (B) at least 20 percent of the principal amount of the loan is retained
19 by the loan originator;

20 (3) may not be purchased if the loan to be purchased exceeds [EXCEED] the
21 cost of the project or 75 percent of the appraised value of the project, whichever is less, unless
22 the amount of the loan in excess of this limit is federally insured or guaranteed or is insured by
23 a qualified mortgage insurance company;

24 (4) [(3)] may not be purchased if the participation in the loan to be purchased
25 is for a term longer than three-quarters of the authority's estimate of the life of the project or 25
26 years from the date the loan is made, whichever is earlier;

27 (5) may be made only if the participation in the loan to be purchased
28 contains [(4) SHALL CONTAIN] amortization provisions; the amortization provisions

29 (A) must be complete and satisfactory to the authority and require periodic
30 payments by the borrower;

31 (B) may allow the loan originator to amortize the portion of the loan

1 retained by the loan originator using a shorter amortization schedule than the amortization
 2 schedule for the portion of the loan held by the authority if (i) in the authority's opinion,
 3 the project financed can support the increased debt service; and (ii) the accelerated
 4 amortization schedule is required to induce the originator to make the loan;

5 (6) may [(5) SHALL] be made only if the participation in the loan to be
 6 purchased is in the loan and contains [CONTAIN] the terms and provisions with respect to
 7 insurance, repairs, alterations, payment of taxes and assessments, default reserves, delinquency
 8 charges, default remedies, acceleration of maturity, secondary liens, and other matters the
 9 authority prescribes; and

10 (7) may [(6) SHALL] be made only if the participation in the loan to be
 11 purchased is secured as to repayment by a mortgage or other security instrument in the manner
 12 the authority determines is feasible to assure timely repayment under a loan agreement entered
 13 into with the borrower [;

14 (7) MAY NOT BE MADE UNLESS

15 (A) THE PROJECT APPLICANT IS NOT, OR, IF THE APPLICANT IS
 16 NOT A SINGLE PROPRIETORSHIP, ALL MEMBERS OF THE BUSINESS
 17 ENTERPRISE OR ENTERPRISES CONSTITUTING THE PROJECT APPLICANT ARE
 18 NOT, IN DEFAULT ON ANOTHER LOAN MADE BY THE STATE OR BY A
 19 PUBLIC CORPORATION OF THE STATE; AND

20 (B) WITH RESPECT TO THE LOAN, (i) AT LEAST 20 PERCENT OF
 21 THE PRINCIPAL AMOUNT OF THE LOAN IS RETAINED BY THE LOAN
 22 ORIGINATOR; OR (ii) 100 PERCENT OF THE PRINCIPAL AMOUNT OF THE
 23 LOAN IS GUARANTEED BY THE UNITED STATES OR AN AGENCY OR
 24 INSTRUMENTALITY OF THE UNITED STATES;

25 (8) MUST BE

26 (A) FINANCED FROM THE PROCEEDS OF BONDS; OR

27 (B) EXPECTED BY THE AUTHORITY TO BE FINANCED FROM THE
 28 PROCEEDS OF BONDS].

29 * Sec. 7. AS 44.88.155(h) is amended to read:

30 (h) The provisions of this section apply only with respect to a loan participation
 31 [LOANS] purchased [OR MADE] by the authority for projects under AS 44.88.155 - 44.88.159.

1 * Sec. 8. AS 44.88.159(d) is amended to read:

2 (d) The provisions of this section apply only to a loan participation purchased [LOANS
3 FINANCED] under AS 44.88.155 - 44.88.159.

4 * Sec. 9. AS 44.88.159 is amended by adding a new subsection to read:

5 (e) The interest rate on a loan financed directly from the assets of the authority shall be
6 determined under the regulations adopted by the authority under AS 44.88.085(g)(2)(C).

7 * Sec. 10. AS 44.88.190(c) is amended to read:

8 (c) A loan participation purchased or financed by the authority [IN WHOLE OR IN
9 PART] is exempt from the provisions of AS 45.45.010. A guarantee extended under
10 AS 44.88.300 or insurance provided under AS 44.88.390 does not constitute insurance for the
11 purposes of AS 21.03.010.

12 * Sec. 11. AS 44.88.535(a) is amended to read:

13 (a) The authority may guarantee a loan under AS 44.88.500 - 44.88.599 if the

14 (1) loan

15 (A) is commercially reasonable;

16 (B) contains amortization provisions satisfactory to the authority;

17 (C) is secured by adequate collateral; however, the authority may waive
18 on a case-by-case basis the requirement of collateral for a loan guarantee of \$75,000
19 [\$50,000] or less for which the proposed loan amortization period does not exceed five
20 years, but the ability to waive the requirement of this subparagraph or the grant of a
21 waiver does not prevent the financial institution that holds the loan guaranteed by the
22 authority from requiring reasonable collateral for the loan;

23 (2) net cash flow from the borrower provides adequate coverage for the debt
24 service on the loan;

25 (3) term of the loan does not exceed 20 years;

26 (4) loan is originated with and serviced by a state chartered or federally chartered
27 financial institution;

28 (5) portion of the loan not guaranteed by the authority is held by the originating
29 financial institution or another financial institution approved by the authority;

30 (6) loan is made to a business with a majority interest held by state residents; and

31 (7) loan guarantee provides a benefit to the borrower.

1 * Sec. 12. AS 44.88.550 is amended to read:

2 Sec. 44.88.550. INTEREST ON GUARANTEED LOAN. The maximum interest rate
3 on a loan guaranteed by the authority is

4 [(1) FOR A LOAN GUARANTEE THAT EXCEEDS 65 PERCENT OF THE
5 LOAN, ONE AND ONE-HALF PERCENTAGE POINTS ABOVE THE PRIME RATE [ON
6 THE DAY THE LOAN GUARANTEE IS MADE]; AND

7 (2) FOR A LOAN GUARANTEE THAT IS EQUAL TO OR LESS THAN 65
8 PERCENT OF THE LOAN,] two and three-quarters percentage points above the prime rate [ON
9 THE DAY THE LOAN GUARANTEE IS MADE].

10 * Sec. 13. AS 44.88.550 is amended by adding a new subsection to read:

11 (b) If provision is made in the loan guarantee agreement, the interest rate on a loan
12 guaranteed by the authority may increase or decrease in accordance with the changes in the prime
13 rate.

14 * Sec. 14. AS 44.88.900(4) is amended to read:

15 (4) "development project" has the meaning given to "project" in (9)(A), (D), and
16 (E) of this section;

17 * Sec. 15. AS 44.88.900(9) is amended to read:

18 (9) "project" means

19 (A) a plant or facility used or intended for use in connection with making,
20 processing, preparing, transporting, or producing in any manner, goods, products, or
21 substances of any kind or nature or in connection with developing or utilizing a natural
22 resource, or extracting, smelting, transporting, converting, assembling, or producing in any
23 manner, minerals, raw materials, chemicals, compounds, alloys, fibers, commodities and
24 materials, products, or substances of any kind or nature;

25 (B) a plant or facility used or intended for use in connection with a
26 business enterprise;

27 (C) commercial activity by a small enterprise;

28 (D) a plant or facility demonstrating technological advances or new
29 methods and procedures and prototype commercial applications for the exploration,
30 development, production, transportation, conversion, and use of energy resources;

31 (E) a new tourism destination facility or the expansion of a tourism

1 destination facility;

2 * Sec. 16. AS 44.88.900 is amended by adding a new paragraph to read:

3 (15) "loan participation" means the purchase of a portion of an existing loan from
4 a bank if the bank

5 (A) approved the loan to the borrower after the effective date of this
6 paragraph; and

7 (B) has obtained from the corporation a prior commitment to participate
8 in the making of that loan before the loan to the borrower is closed.

9 * Sec. 17. Section 25, ch. 123, SLA 1990 is repealed and reenacted to read:

10 Sec. 25. The Alaska Industrial Development and Export Authority may issue bonds to
11 finance the acquisition, design, and construction of aircraft maintenance or cargo/air transport
12 support facilities located at Anchorage International Airport, to be owned by the Authority. The
13 principal amount of the bonds may not exceed \$85,000,000. This section grants the legislative
14 approval required by AS 44.88.095.

15 * Sec. 18. The Alaska Industrial Development and Export Authority may issue bonds to finance the
16 acquisition, design, and construction of public use aircraft fueling facilities located at Anchorage
17 International Airport, to be owned by the Authority. The principal amount of the bonds may not exceed
18 \$40,000,000. This section grants the legislative approval required by AS 44.88.095.

19 * Sec. 19. The Alaska Industrial Development and Export Authority may issue bonds to finance the
20 acquisition, design, and construction of a facility for the offloading, processing, storage, and transloading
21 of seafood located at or near Anchorage International Airport, to be owned by the Authority. The
22 principal amount of the bonds may not exceed \$50,000,000. This section grants the legislative approval
23 required by AS 44.88.095.

24 * Sec. 20. The Alaska Industrial Development and Export Authority may issue bonds to finance the
25 design, construction, reconstruction, improvements, and equipping of the Ketchikan shipyard facility to
26 be owned by the Authority. The principal amount of the bonds may not exceed \$15,000,000. This
27 section grants the legislative approval required by AS 44.88.095.

28 * Sec. 21. Section 4 of this Act takes effect July 1, 1995.

29 * Sec. 22. Except as provided in sec. 21 of this Act, this Act takes effect immediately under
30 AS 01.10.070(c).

AMENDMENT

BY REPRESENTATIVE BARNES

OFFERED IN THE HOUSE

TO: CSHB 417 ()

Page 7, following line 27:

Insert a new bill section to read:

"* Sec. 21. Notwithstanding AS 44.88.900, Alaska Industrial Development and Export Authority may issue bonds to finance the design, construction, improvements, and equipping of an addition to court facilities in Anchorage, to be owned by the Authority. The principal amount of the bonds may not exceed \$40,000,000. This section grants the authority required by AS 44.88.095."

Renumber following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE JACKO

TO: CSHB 417() (Draft 7-LS1767V, 4/27/92)

Page 1, lines 2 - 3:

Delete "to a project for which the legislature has already approved the Authority's issuance of bonds,"

Page 1, lines 3 - 5:

Delete "an Anchorage airport seafood facility, an Anchorage airport fueling facility, and the Ketchikan Shipyard as additional projects of the Authority"

Insert "new public schools"

Page 1, line 7, through page 2, line 12:

Delete all material and insert:

"* Section 1. AS 44.88.900(9) is amended by adding a new subparagraph to read:

(E) public schools.

* Sec. 2. (a) The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of priority I public schools as set out in the Capital Improvement Program Budget Request for Fiscal Year 1993 proposed by the Department of Education. The principal amount of the bonds may not exceed \$50,000,000.

(b) The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of priority II public schools as set out in the Capital Improvement Program Budget Request for Fiscal Year 1993 proposed by the Department of Education. The principal amount of the bonds may not exceed \$50,000,000.

(c) This section grants the legislative approval required by AS 44.88.095."

AMENDMENT I

OFFERED IN THE HOUSE

TO: CSHB 417(L&C)

Page 4, following line 21:

Insert a new bill section to read:

"* Sec. 9. AS 44.88.535(a) is amended to read:

(a) The authority may guarantee a loan under AS 44.88.500 - 44.88.599 if the

(1) loan

(A) is commercially reasonable;

(B) contains amortization provisions satisfactory to the authority;

(C) is secured by adequate collateral; however, the authority may waive on a case-by-case basis the requirement of collateral for a loan guarantee of \$100,000 [\$50,000] or less for which the proposed loan amortization period does not exceed five years, but the ability to waive the requirement of this subparagraph or the grant of a waiver does not prevent the financial institution that holds the loan guaranteed by the authority from requiring reasonable collateral for the loan;

(2) net cash flow from the borrower provides adequate coverage for the debt service on the loan;

(3) term of the loan does not exceed 20 years;

(4) loan is originated with and serviced by a state chartered or federally chartered financial institution;

(5) portion of the loan not guaranteed by the authority is held by the originating financial institution or another financial institution approved by the authority;

(6) loan is made to a business with a majority interest held by state residents; and

(7) loan guarantee provides a benefit to the borrower."

Renumber following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 417(L&C)

Page 4, following line 21:

Insert a new bill section to read:

"* Sec. 9. AS ~~44.88.535~~(c) is amended to read:

(c) For a loan guaranteed under AS 44.88.500 - 44.88.599 that is also guaranteed by the federal Small Business Administration, the authority may guarantee interest on the loan and the fees and expenses attributable to the inception and servicing of the loan to the extent authorized by the federal Small Business Administration. Except for those loan guarantees, the [THE] authority may not guarantee the payment of interest on the guaranteed portion of a loan."

Renumber following bill sections accordingly.

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 417(L&C)

Page 4, lines 22 - 30:

Delete all material and insert:

"* Sec. 9. AS 44.88.550 is amended to read:

Sec. 44.88.550. INTEREST ON GUARANTEED LOAN. The maximum interest rate on a loan guaranteed by the authority is

[(1) FOR A LOAN GUARANTEE THAT EXCEEDS 65 PERCENT OF THE LOAN, ONE AND ONE-HALF PERCENTAGE POINTS ABOVE THE PRIME RATE ON THE DAY THE LOAN GUARANTEE IS MADE; AND

(2) FOR A LOAN GUARANTEE THAT IS EQUAL TO OR LESS THAN 65 PERCENT OF THE LOAN,] two and three-quarters percentage points above the prime rate [ON THE DAY THE LOAN GUARANTEE IS MADE]."

Proposed Appropriation Test

Section A. The state shall transfer to the Alaska Industrial Development and Export Authority its right, title and interest in the real property and shipyard facility located on the site known and commonly referred to as Sunny Point, Ketchikan, Alaska, consisting of approximately 24 acres and the improvements thereon which are owned by the state without charge. Such transfer shall take place only upon agreement of terms acceptable to the state, including the option to reacquire the real property and shipyard facility at any time.

Section B. Effective Date. This transfer shall take place only upon the agreement with the Alaska Marine Highway System as to the terms of the transfer and only if the Alaska Industrial Development and Export Authority Board of Directors approves the acquisition of the Ketchikan Shipyard facility under AS 44.88.172.



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-6690 • (907) 561-8050 • FAX (907) 561-8998

April 28, 1992

Honorable Representative Eileen MacLean
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Eileen MacLean:

The Alaska Industrial Development and Export Authority (AIDEA) would like to request an amendment to the Appropriation Bill which would transfer the title and interest in the Ketchikan Shipyard from the Department of Transportation and Public Facilities (DOT/PF) to AIDEA. We propose the following text to be added to the Appropriation Bill:

*Section ____ The state shall transfer to the Alaska Industrial Development and Export Authority without charge or any use limitation its right, title and interest in the real property and shipyard facility located on the site known and commonly referred to as Sunny Point, Ketchikan, Alaska, consisting of approximately 24 acres and the improvements thereon which are owned by the state.

*Section ____ Section ____ shall take effect only if the Alaska Industrial Development and Export Authority Board of Directors approves the acquisition of the Ketchikan Shipyard facility under AS 44.88.172.

DOT/PF spent approximately \$30 million to construct the shipyard facility during the 1980's. Under a lease/management agreement with DOT/PF, the City of Ketchikan subleased the shipyard operation and management to private contractors. Each of the contractors individually experienced operational and financial difficulties and the shipyard is struggling to stay in operation. The proposed transfer of title and improvements to the facility will enhance the

shipyard's capabilities and thereby protect the state's investment in these facilities. Continued operation of the Ketchikan Shipyard facility will provide skilled jobs to the Ketchikan economy, strengthen the local economy, and retain major ship repair capabilities in Alaska.

The proposed language has been reviewed by the Attorney General's Office and by the DOT/PF. It should also be noted that the proposed amendment is not a re-appropriation of money. Instead, it is a transfer of real estate which has been mutually agreed upon by AIDEA and DOT/PF.

Thank you for your consideration.

Sincerely,

William H. Scott
Executive Director

cc: James Ayers, AMHS
James Baldwin, AG's Office
Randy Simmons, DOT/PF

Alaska State Legislature
House of Representatives

INTERIM

3111 C Street
Anchorage, Alaska 99503
(907) 561-2032



SESSION

P.O. Box V
Juneau, Alaska 99811
(907) 465-2995

Representative Dabe Choquette

SPONSOR'S STATEMENT FOR CS HB 417 (L&C)

House Bill 417 (HB 417) was introduced to allow the Alaska Industrial Development and Export Authority (AIDEA) to continue with, and be given a stronger hand in, the development, expansion and diversification of Alaska's economy.

As our economic base weakens with the decline in oil production, it is crucial that we do all we can to expand and diversify Alaska's economy. AIDEA has a proven track record of success as a tool the private sector can utilize to finance new and expanding business ventures in both urban and rural Alaska, such as the road and port at Red Dog Mine near Kotzebue, the Skagway Ore Terminal, and the new aircraft facility at Anchorage International Airport. This bill would ensure AIDEA can continue in this mission.

CS HB 417 (L&C) would reauthorize AIDEA's bonding authority, which expired January 1 of this year, enhance the authority's existing economic development programs, and allow the authority to help in the development of tourism destination facilities. In addition, HB 417 would diversify the use of a new aircraft maintenance facility to be built at Anchorage International Airport, which was approved by the legislature in 1990.

With the passage of CSHB 417 (L&C), lending institutions will have more funds available for needed development projects, and greater flexibility in meeting borrower's needs. In addition, this bill will greatly improve AIDEA's ability to develop infrastructure and superstructure to support Alaska's expanding industries.

CSHB 417 (L&C) should go a long way towards maintaining a viable economy as we reduce our dependence on oil.



Alaska State Legislature
House of Representatives

INTERIM

3111 C Street
Anchorage, Alaska 99503
(907) 561-2032



SESSION

P.O. Box V
Juneau, Alaska 99811
(907) 465-2995

Representative Dave Choquette

M E M O R A N D U M

DATE: March 27, 1992

TO: Representative Mike Navarre, Chairman
Representative Eileen MacLean, Chairwoman
House Finance Committee

FROM: Representative Dave Choquette *DAVE CHOQUETTE THANKS!*

RE: CS HB 417 (L&C)

The following are the basic components of CSHB 417 (L&C):

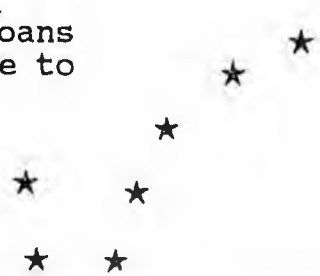
* BONDING AUTHORITY

Chapter 123 SLA 1990 provided for a sunset of AIDEA's ability to issue bonds through a delayed effective date clause. CSHB 417 would repeal this subsection, which took effect on January 1, 1992, and reenact a similar sunset clause for July 1, 1995. The bill was amended by the House Labor & Commerce Committee to allow AIDEA to continue to issue up to \$7 million in bonds, rather than \$10 million, without prior legislative approval.

* LOAN PARTICIPATION

Currently, a loan purchased by AIDEA must be financed by or expected to be financed by proceeds from a bond sale. CSHB 417 grants AIDEA the option to either bond or use assets of the enterprise development account to buy participation in bank originated loans.

In addition, present statute allows AIDEA to participate up to 80% in loans up to \$10 million. In Alaska, the limited sources of funds for secondary financing has reached a crisis point, and AIDEA has become a primary source of secondary financing. CSHB 417 would allow AIDEA to participate in loans over \$10 million, but would limit AIDEA's exposure to \$10 million.



Representative Foster
Memo on HB 417
February 4, 1992
Page 2

* FLOATING INTEREST RATE

Currently, interest rates charged by financial institutions on AIDEA's guarantees must be fixed to the prime on the day the loan guarantee is made. CSHB 417 would provide AIDEA the option of either fixing or floating the interest rates with the prime.

* BROADENS DEFINITION OF PROJECT TO INCLUDE TOURISM DESTINATION FACILITIES

Currently, AIDEA cannot develop, own, and/or operate facilities which enhance Alaska's tourism industry. HB 417 would allow AIDEA to develop, own, and/or operate a new tourism destination facility, or the expansion of a tourism destination facility, if it would not compete with an existing hotel, motel, or restaurant.

* AIR CARGO/AIR TRANSPORT SUPPORT FACILITY IN ANCHORAGE

HB 417 would amend the project approval given by sec. 25, ch. 123, SLA 1990, to express legislative project approval for AIDEA to construct, own, and operate a more versatile aircraft facility at Anchorage International Airport.

In 1990, the legislature gave approval for AIDEA to issue \$50 million in bonds to construct, own and operate a multi-bay aircraft maintenance facility at Anchorage International Airport to be used jointly by Alaska Airlines and Federal Express. Currently only Alaska Airlines wants to move forward with the Authority on this project, and their requirement is for a large maintenance hangar as well as air freight, storage, and ground maintenance complex, all located in a single facility. HB 417 would accommodate these changes.



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-6690 • (907) 561-8050 • FAX (907) 561-8998

MEMORANDUM

TO: Honorable Representative Dave Choquette

FROM: William H. Scott
Executive Director

DATE: February 2, 1992

SUBJECT: House Bill 417 Section Analysis

This memorandum summarizes the principal points of House Bill 417. The measure would make a series of amendments to the law under which the Alaska Industrial Development and Export Authority (AIDEA) operates.

Bill Section 1 summarizes the principal provisions of the measures. The bill as proposed:

- reinstates the Authority's ability to issue bonds up to \$10 million for projects which enhance Alaska's economy and provide job opportunities for Alaskans;

- modifies interest rate restrictions of the Authority's guarantee loan programs and allows the Authority to participate in business development or enhancement loans of any size while limiting the Authority's participation or exposure to \$10 million;

- improves the Authority's ability to develop infrastructure and superstructure to support Alaska's expanding industry while not competing with the private sector;

- allows the Authority to invest assets of the Authority directly into the Alaskan economy without selling bonds; and

- diversifies the use of an air craft maintenance facility at the Anchorage International Airport approved by the legislature in 1990.

Bill Section 2 restores the language first added under Sec. 8, Ch. 123, SLA 1990 in which the Authority was required to secure legislative approval for bonds of \$10 million or more to finance a development project. Chapter 123 SLA 1990 provided for a sunset of the Authority to issue bonds through a delayed effective date clause (Section 31). This section repeals subsection (g) effective on January 1, 1992 and allows the Authority to continue issuing bonds.

Bill Section 3 authorizes the Authority to use the money and assets of the enterprise development account to secure bonds or to finance participation in loans for projects.

Bill Section 4 - 7 authorizes the Authority to participate in or purchase loans from financial institutions limiting the Authority's exposure or risk to \$10 million. Restrictions currently limit the Authority from participating in loans over \$10 million allowing only participation of up to 80% of a \$10 million loan. Sections 5 - 7 of the bill are a result of numerical changes to the statute also required to accommodate for the modification and to remove unnecessary language.

Bill Section 8 amends the interest rate restriction on the Authority guaranteed loans allowing for a floating rate, rather than the fixed rate, currently set by statute. Language currently states the interest is tied to the prime rate on the day the loan guarantee is entered into. The Authority views the change as necessary to attract commercial lenders to AIDEA's programs.

Bill Section 9 rewrites the definition of the term "development project" by equating it to the term "project," and amends the definition of the term "project" to permit the Authority to expand its opportunity to support certain tourism facilities.

Bill Section 10 offers a definition of the term "loan participation."

Bill Section 11 modifies the description of an air craft maintenance facility at the Anchorage International Airport (approved for bonding by the Legislature in 1990) to accommodate the private sector with a more versatile facility which will include cargo facilities and storage.

Bill Section 12 repeals a section of the statute no longer needed (description of the term "development project") as section 9 of this bill sets forth a new description of "project and "development project."

Bill Section 13 provides for an immediate effective date.

CS for HB 417

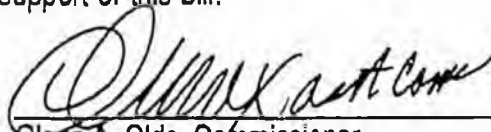
An Act relating to the financing authority of the Alaska Industrial Development and Export Authority and to a project for which the legislature has approved the Authority's issuance of bonds.

The Authority supports CS for House Bill 417.

The bill as proposed reinstates the Authority's ability to issue bonds up to \$10,000,000 for projects which enhance Alaska's economy and provide job opportunities for Alaskans; modifies interest rate restrictions of the Authority's guarantee loan programs and allows the Authority to participate in business development or enhancement loans of any size while limiting the Authority's participation or exposure to \$10,000,000; improves the Authority's ability to develop infrastructure and superstructure to support Alaska's expanding tourism industry while not competing with the private sector; allows the Authority to invest assets of the Authority directly into the Alaskan economy without selling bonds; and diversifies the use of an aircraft facility at the Anchorage International Airport approved by the legislature in 1990.

While many section of the proposed legislation are technical amendments, the Authority believes that HB 417 is critical to our continued success. All sections of the proposed bill support and enhance the Authority's mission to promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment and to create additional employment. The Alaskan banking industry has expressed an interest in increasingly utilizing the Authority's programs with the modifications to the guarantee loan programs and participation loan programs proposed in HB 417.

Staff of the Authority recommends full support of this bill.



Glenn A. Olds, Commissioner
Department of Commerce & Economic Development

Date: 2.18.92

FUTURE AIDEA PROJECTS

PROSPECTIVE ECONOMIC DEVELOPMENT PROJECTS REPORT

Following is a current listing of potential economic development projects which are being evaluated by the Authority and the private sector to determine financial feasibility and advantages for joint participation in the undertaking of projects.

PROJECT NAME AND LOCATION: West McArthur River Oil Field/Cook Inlet

PRIVATE SECTOR PARTICIPANT: Stewart Petroleum Company

ESTIMATED CAPITAL COST: \$7.0 to \$10.0 Million

ECONOMIC/SOCIAL BENEFIT: Estimate 20-30 permanent jobs created. No estimate of construction jobs provided as of this date. Project would have the capacity of generating \$ Million in taxes and royalty payments to the state.

SCHEDULE INFORMATION: Development schedule is depended on permitting approvals -- current schedule shows construction activities starting during 1992.

ENVIRONMENTAL/PERMITTING ISSUES: Proformal information provided by Stewart Petroleum Company suggests project can meet environmental and permitting stipulations and requirements.

STAFF COMMENTS: Ongoing discussions and review of a project structure is continuing between Authority staff and officials of Stewart Petroleum Company.

PROJECT NAME AND LOCATION: Happy Horse Refinery Complex/Deadhorse, Alaska (North Slope)

PRIVATE SECTOR PARTICIPANT: Lake Colleen Industries, Ltd.

ESTIMATED CAPITAL COST: Project sponsor estimates \$180 million.

ECONOMIC/SOCIAL BENEFIT: Employment: No estimates provided. Project will create a new Alaskan industry. Complex would provide an estimated 10,000,000 gallons of methanol and 46,000,000 gallons of formaldehyde on an annual basis for use by the Prudhoe Bay oil producers. Currently, B.P., ARCO and others import these products from Canada or the Gulf Coast states.

SCHEDULE INFORMATION:

Project sponsor estimates a 20 month development schedule once contracts are executed with B.P. and ARCO and regulatory permits are in hand.

ENVIRONMENTAL/PERMITTING ISSUES:

Permitting plan under development. Risks are assumed to be high, however, staff analysis is incomplete at this time.

STAFF COMMENTS:

Lake Colleen Industries still in negotiations with North Slope producers.

PROJECT NAME AND LOCATION:

Pebble Beach/Iliamna-Newhalen, Alaska

PRIVATE SECTOR PARTICIPANT:

Cominco Limited

ESTIMATED CAPITAL COST:

Sponsor's estimate is \$500+ million.

ECONOMIC/SOCIAL BENEFIT:

Employment Opportunities: 500 year round operating jobs created -- 800 man/year construction jobs. Project is anticipated to produce 35,000 tons of copper and over 100,000 ozs. of gold per year. Exploration work is on-going.

SCHEDULE INFORMATION:

Sponsor's development schedule calls for a corporate decision on project economic feasibility to be made by the second quarter of 1992. Assuming favorable economics, permitting and environmental baselining activities would commence by July 1992.

ENVIRONMENTAL/PERMITTING ISSUES:

Cominco has identified that environmental concerns and permitting requirements associated with development of the project are paramount to the success or failure of the project being commercialized.

STAFF COMMENTS:

State participation in the development of the transportation infrastructure is considered to be crucial for determining the economic feasibility of the project. Once Cominco's mine economic feasibility analysis is complete, the Authority and other state officials will meet with Cominco to discuss development alternatives and strategies.

PROJECT NAME AND LOCATION: Valdez Refinery/Valdez, Alaska

PRIVATE SECTOR PARTICIPANT: Petro Star Inc.

ESTIMATED CAPITAL COST: Sponsor's estimate is between \$30 - \$40 million which includes plant refinery, metering facility, electrical (7MW) generation, port, and related facilities.

ECONOMIC/SOCIAL BENEFIT: Employment: 20-30 permanent refinery jobs -- 30-50 construction jobs.

SCHEDULE INFORMATION: Sponsor anticipates a spring of 1992 construction start with the refinery being placed in-service by the fall of 1992.

ENVIRONMENTAL/PERMITTING ISSUES: Permitting activities are presently underway and should be complete in adequate time to support a spring of 1992 construction start.

STAFF COMMENTS: Developer evaluating port and related transportation infrastructure structure alternatives that could involve Authority participation. Decisions scheduled to be made during first quarter of 1992.

PROJECT NAME AND LOCATION: Alaska Seafood Center/Anchorage, Alaska

PRIVATE SECTOR PARTICIPANT: Alaska Seafood Center, Inc.

ESTIMATED CAPITAL COST: \$150 million

ECONOMIC/SOCIAL BENEFIT: Employment: 470 year round jobs created. Project will provide 300,000 sq. ft. of cold storage and processing plant.

SCHEDULE INFORMATION: Information requested from developer.

ENVIRONMENTAL/PERMITTING ISSUES: Information on current status requested from developer.

STAFF COMMENTS: Project is being reviewed by Authority staff, developer and developer's investment bankers and bond counsel to determine advantages and benefits of AIDEA participation in the project.

PROJECT NAME AND LOCATION: Lik Mine Development/N.W. Arctic Borough.

PRIVATE SECTOR PARTICIPANT: Confidentiality requested by sponsor.

ESTIMATED CAPITAL COST: Project Sponsor estimates \$200-250 million. This does not include infrastructure expansion and improvements at the Red Dog Port Facility.

ECONOMIC/SOCIAL BENEFIT: Employment: 250-300 direct jobs created. Project would provide employment opportunities in an area of high unemployment. This project also takes advantage of infrastructure previously developed by the Authority for the Red Dog Mine.

SCHEDULE INFORMATION: Staff estimates 5-7 years to bring the project into production.

ENVIRONMENTAL/PERMITTING ISSUES: A full blown EIS approach to permitting is anticipated for this project. Minimum time frame for performance is 18-36 months.

STAFF COMMENTS: The feasibility of this project is proceeding into the development stage. Project's success is dependent upon developer securing land and royalty interests from others at affordable price.

PROJECT NAME AND LOCATION: Anchorage International Airport Fuel Distribution System/Anchorage, Alaska

PRIVATE SECTOR PARTICIPANT: Alaska Airlines

ESTIMATED CAPITAL COST: \$30 million

ECONOMIC/SOCIAL BENEFIT: See attached letter from Anchorage Fueling and Service Company dated January 28, 1992.

SCHEDULE INFORMATION: See letter.

ENVIRONMENTAL/PERMITTING ISSUES: See letter.

STAFF COMMENTS: See letter.

PROJECT NAME AND LOCATION: Juneau Freight Forwarding Facility/
Juneau, Alaska.

PRIVATE SECTOR PARTICIPANT: D&W Partnership

ESTIMATED CAPITAL COST: \$3 million

ECONOMIC/SOCIAL BENEFIT: Employment: No estimate provided at this
time. This project will serve to
strengthen the economy by expanding the
cargo facility to allow for a more varied
use by different companies.

SCHEDULE INFORMATION: Construction is scheduled to start during
the spring of 1992.

ENVIRONMENTAL/PERMITTING ISSUES: Permitting Plan requirement in
development stage. Land lease document
being developed. Draft use agreement
also in draft stage.

STAFF COMMENTS: Project in-active at this time.

PROJECT NAME AND LOCATION: A.J. Port Development/Juneau, Alaska

PRIVATE SECTOR PARTICIPANT: A.J. and Associates and the City and
Borough of Juneau have initiated
discussions intended to evaluate whether
a boat harbor facility to be located in
Juneau, Alaska would be eligible for
Authority participation.

ESTIMATED CAPITAL COST:

ECONOMIC/SOCIAL BENEFIT:

SCHEDULE INFORMATION:

ENVIRONMENTAL/PERMITTING ISSUES:

STAFF COMMENTS:

PROJECT NAME AND LOCATION: Wishbone Hill Mine Development/Palmer,
Alaska.

PRIVATE SECTOR PARTICIPANT: Idemitsu Alaska, Inc.
ESTIMATED CAPITAL COST: \$9-12 million.
ECONOMIC/SOCIAL BENEFIT: Employment: Estimated 200 year round employment opportunities. This project will provide job opportunities in an area of high unemployment.
SCHEDULE INFORMATION: Construction is estimated to start in the spring of 1992 with operations estimated to begin in 1995/96.
ENVIRONMENTAL/PERMITTING ISSUES: Activities complete. Project awaiting resolution of Mental Health Lands litigation.
STAFF COMMENTS: Project has been delayed two years as a result of the lost markets caused by litigation on the Mental Health Lands issue.

PROJECT NAME AND LOCATION: Greens Creek Port Facility/Juneau, Alaska.
PRIVATE SECTOR PARTICIPANT: Greens Creek Inc.
ESTIMATED CAPITAL COST: Amount unknown at this time.
ECONOMIC/SOCIAL BENEFIT: Unknown at this time.
SCHEDULE INFORMATION: Unknown at this time.
ENVIRONMENTAL/PERMITTING ISSUES: Unknown at this time.
STAFF COMMENTS: Recently contacted by the developer. The Authority has been requested to analyze the feasibility of participating in improvements to the port and concentrate load-out facilities.

PROJECT NAME AND LOCATION: Mountain Alaska Energy/Homer, Alaska.
PRIVATE SECTOR PARTICIPANT: Mountain Alaska Energy, Inc. and Martech USA, Inc.
ESTIMATED CAPITAL COST: \$3 million
ECONOMIC/SOCIAL BENEFIT: No estimate provided at this time.
SCHEDULE INFORMATION: Current information requested from developer.

ENVIRONMENTAL/PERMITTING ISSUES: Information on current status requested from developer.

STAFF COMMENTS: Project in-active at this time pending developers exploration work on well production.

PROJECT NAME AND LOCATION: Cold Bay Dock Expansion
Akutan Port Development

PRIVATE SECTOR PARTICIPATION: Aleutian East Borough

Borough officials initiated discussions with Authority staff on January 27, 1992, to determine whether or not AIDEA could assist in the development of projects at Cold Bay and Akutan.

Additional information being requested to determine project scope and feasibility.

PROJECT NAME AND LOCATION: Cordova Port Project

PRIVATE SECTOR PARTICIPATION: Eyak Native Corporation

ESTIMATED CAPITAL COST: Unknown

The staff of the Authority has been approached by state officials and agents of the Eyak Corporation to enter into discussions regarding the possible development of a deep water port to be located at Shepards Point near Cordova, Alaska.

A meeting to provide introductions and establish channels for exchanging information is scheduled for February 5, 1992.

ANCHORAGE FUELING AND SERVICE COMPANY

4565 W. INTERNATIONAL AIRPORT RD.
ANCHORAGE, ALASKA

TELEPHONE:

REPLY TO:

January 28, 1992

Mr. Riley Snell
Deputy Director, Development
Alaska Industrial Development
and Export Authority
480 West Tudor
Anchorage, AK 99503

Dear Mr. Snell:

Anchorage Fueling and Service Company (AFSC), which owns and operates the jet fuel storage and distribution facilities at Anchorage International Airport (ANC), has been negotiating with Alaska International Airport System (AIAS) officials regarding terms for relocation of the jet fuel facilities at ANC. On January 16, 1992, AFSC's negotiating committee reached a tentative agreement with AIAS (subject to AFSC Board of Directors approval) for relocation and upgrading these facilities.

AFSC is hereby requesting that the Alaska Industrial Development & Export Agency (AIDEA) explore the possibility of providing financing for construction and relocation of these facilities as follows:

<u>WORK DESCRIPTION</u>	<u>COST ESTIMATE</u>	<u>TIMETABLE</u>
New tank farm construction (3-100,000 bbl tanks plus pumps, filters, operations building and pipes to tie into Nikiski pipeline, AFSC crosstown pipeline and airport hydrant system.)	\$20,000,000	1993/1994
Plant 5 (Texaco) demolition	1,000,000	1995
New Operations base building	5,000,000	1996
Plants 2 & 3 (Chevron/Shell) demolition/remediation, hydrant system rerouting, on-ramp truck loading island and final parking area work.	4,000,000	1996/1997
TOTAL	\$30,000,000	

Riley Snell
January 28, 1992
page 2

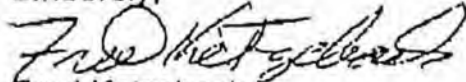
These proposed improvements would have the following benefits:

- Relocation of all fuel storage facilities to a new, modern environmentally improved facility on the west side of the airport, removal of older fuel storage facilities and improve the appearance of the airport terminal area.
- Compliance with AIAS plans for planned roadway/traffic flow improvements.
- Provide for remediation of fuel/ground contamination conditions.
- Relocation of fueling administration and maintenance base operations into a modern, efficient facility and insure a stable, safe work place for over 100 employees.
- Provide a series of multi-million dollar projects to improve the Alaska construction market.
- Provide aircraft fueling facilities for future airline growth at ANC, particularly in the air cargo markets.

The next AFSC Board of Directors meeting will be on March 10, 1992, and a response from you regarding financing prior to this meeting would be greatly appreciated.

Thank you for your cooperation and assistance in this request. If you require any additional information, please contact me at your convenience.

Sincerely,



Fred Ketzback
Chairman/AFSC

cc: AFSC Executive Committee
John Ungar, AIAS
Cliff Argue



Alaska Seafood Center Inc.

February 3, 1992

Mr. William R. Snell
Deputy Director (Development)
Alaska Industrial Development and Export Authority
480 W. Tudor Avenue
Anchorage, Alaska 99503

Dear Riley:

Following our meeting in Anchorage with Mayor Fink and Bill Scott, and later in the day with you on December 17, 1991, I wish to submit a formal application for assistance from AIDEA for the Alaska Seafood Center, Inc.(ASC).

ASC is a large high-tech secondary processing facility of 300,000 SF containing 45 million pounds of cold storage to be built near the Anchorage International Airport at a cost of about \$150 million dollars. ASC will employ 470 persons in new year-round jobs. While it will be primarily a secondary processing facility, it will do a minor amount of overflow primary salmon processing. ASC will not be a competitor of existing processors in Alaska but will be a customer of many of Alaska's primary processors and will also assist them by providing cold storage and freight forwarding services that they cannot now afford.

We have given to you previously, on a confidential basis, ASC's Private Placement Memorandum, which describes in greater detail the operations of the project. ASC will have state of the art secondary technology which will enable it to compete with facilities which many people have traditionally believed to be economically feasible only in Seattle. We believe that this project will bring to Alaska the infrastructure that will permit greater value added production by Alaska's as opposed to exporting our primary processed products for secondary processing by outside companies.

Our investment bankers are Donaldson, Lufkin and Jenrette (DLJ) of New York, NY. ASC has employed local professionals where ever possible. Our architects and engineers are in Anchorage, as is our Chief Operating Officer, who has lived in Anchorage since 6/15/90. In 1987, he completed a facility in Europe almost the same size as ASC and then brought it into production. This eliminates the concern that a lender might have concerning the start up of a high technology type of plant which does not now exist in Alaska. Our preliminary design is completed and construction contracts have been signed with Morrison Knudsen. They are a major international contractor with many years of food industry experience as well as Alaskan construction experience with its environmental and seismic conditions.

Main office: 200 W. 34th Ave. #253
Anchorage, AK 99503
Phone: 907/562-7188
Fax: 907/562-1887

East Coast Office: 275 Blue Trail
Hamden, CT 06518
Phone: 203/281-1210
Fax: 203/281-7786

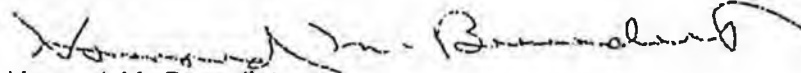
Mr. William R. Snell
February 3, 1992
Page -2-

We seek assistance from AIDEA for \$50 million of our \$100 million of debt financing. All debt incurred would be at current market rates. Having AIDEA participate will show outside banks that ASC has strong support from the State of Alaska. We expect that about \$40,000,000 of that amount will be tax exempt similar to the way the Red Dog Mining Project was structured. In addition, with the help of DLJ, we are raising \$50 million of equity. We have retained Mr. Frederic L. Ballard, Jr. of Ballard, Spahr, Andrews & Ingersoll of Washington, DC who will act as ASC's special counsel. As you know, he has had experience in Alaska, having been counsel to the Red Dog Project.

Since the \$50 million of debt financing exceeds the \$10 million authority granted to AIDEA, we will be most willing to assist you and appear before the appropriate committees of the legislature to provide them with any information they might need.

Timing is of great concern because of our construction schedule. Bill Scott indicated that you would probably need about sixty days to complete your work and ASC is ready to do whatever is necessary to expedite this work. I would hope that you would call on our Chief Operating Officer or any of our technical people whenever they can be of assistance to you.

Sincerely,



Howard M. Benedict
President

HMB/er

PAST A IDEA PROJECTS

January 30, 1992

DeLONG MOUNTAIN TRANSPORTATION SYSTEM

BACKGROUND

Brief History - The Authority in 1987 sold tax-exempt bonds to construct, own, and operate the DeLong Mountain Transportation System (DMTS) which allowed Cominco (a Canadian based minerals company) and NANA Regional Corporation to develop the "Red Dog" mineral deposit.

The transportation system consists of a 52 mile road from the port site to the mine site, a shallow water dock, offshore conveyor concentrate loading facility, concentrate storage facility, fuel distribution and storage systems, and other port facilities. The road is designed to accommodate multiple users. The port construction includes a loader conveyor system capable of handling 2,000,000 tons of base metal concentrates (per season) and a storage building capable of storing 500,000 tons of lead and zinc concentrates.

The DMTS is an excellent example of the Authority's contribution and commitment to Alaska's economic development. This particular project has created employment opportunities for over 300 residents of the Northwest Arctic Borough.

Participants - The Authority entered into an agreement with Cominco on June 30, 1986, to finance, construct, use, operate, and maintain the DMTS. The DMTS was constructed to facilitate regional transportation in northwest Alaska. Cominco has a non-exclusive priority right to use the DMTS for 50 years to ship ore concentrates over the road, store concentrates in the storage building and transload concentrates onto ore ships. Cominco in turn pays a toll for use of these facilities and is obligated to operate and maintain the DMTS at a commercially reasonable rate of compensation.

Cominco and the Authority (after the first year of operation) determined that certain improvements must be made in order to facilitate a more efficient and environmentally sound facility. Approximately a dozen improvements were identified, at a cost of approximately \$5 million. Also, James M. Montgomery (JMM), Consulting Engineers was hired by the Authority to perform a third party review of the environmental monitoring program being employed by Cominco's contractor, ENSR Consulting and Engineering. Design Alaska, Inc. was contracted by the Authority to do as-built drawings of the Red Dog road and survey the leaseholdings at the port site; all for recording with the Department of Natural Resources.

PROJECT DESCRIPTION

Scope of Work - Improvement projects include: fueling station; air handling system and vacuum systems to filter and collect ore particulate at the barge loader, truck dump and transfer points; truck wash; replacement of fenders for the cells; installation of a new concentrate storage building doors; purchase and installation of a sea water desalination plant, fire pump and gangways at the dock; and other work such as improved drainage around the ore concentrate building.

JMM Consulting Engineers has reviewed the existing documents previously prepared by ENSR to evaluate Cominco's environmental monitoring program at the port site, has provided field oversight of the monitoring program, and has reviewed the documents resulting from the June 1991 field sampling. Results of their effort was forwarded to Cominco for comments and implementation. Third party review will be ongoing.

Design Alaska, Inc. are preparing as-built drawings of the Red Dog road and material site access roads that depict property ownership. They have also completed an uplands survey at the port site that permanently monuments the property limits, and have performed a tidelands survey that monuments the lease boundary and locates the constructed improvements within the tidelands lease. Design Alaska is working with the Department of Natural Resources to record the documents.

PROJECT BUDGET

The Authority is working with Cominco to finalize payment for this work. Cominco has provided the Authority with a final invoice for all of the work accomplished. The total project costs to date are \$5,756,210.

Sources and Uses of Funds - The improvements will be paid for by advances from the Authority that would add to the rate base, or from the sustaining capital fund established for this project.

Objectives - The Authority agreed to finance the DMTS to create new employment opportunities and encourage the diversification and expansion of the Alaskan economy. The Authority's current project objective is to work with the user to improve environmental operating standards and operating efficiencies.

SCHEDULE

The survey work is now scheduled to be complete by February 1992. More improvements such as work on the cathodic protection system for the port are planned for 1992, and discussions are ongoing concerning building a concrete floor and/or expanding the concentrate storage building and completely enclosing the conveyor system in 1992.

STATUS

The Authority obtained sole source approval to contract with Cominco for all of the proposed improvements. Cominco in turn competitively subcontracted the work. A general contract for labor and craftsman was awarded to Alaska Mechanical Incorporated. Contracts for electrical work and for concrete work were also competitively bid and awarded to Alaska Mechanical Incorporated.

Near Term Activities - The Authority will be working with Cominco to define the improvements proposed for 1992.

January 30, 1992

CITY OF UNALASKA MARINE CENTER

BACKGROUND

Brief History - The Authority has agreed to expand the City of Unalaska Dock. The city has transferred title to the existing dock, appurtenant structures and underlying land to the Authority so that the Authority can issue bonds for the expansion of the facility.

Participants - The Authority has signed a lease and construction management agreement with the City of Unalaska to oversee construction of improvements and to operate the marine center as a public facility. The City of Unalaska, with the Authority's approval, has signed subleases with SeaLand Services, Inc., and Petro Marine Services, Inc., for portions of the dock facility. The City of Unalaska is contracting for the improvements so as to coordinate the construction with ongoing operation of the port by the city and freight and fueling operations by the users and tenants. Upon payment of all amounts due or to become due under the lease, the Authority will convey title to the facility back to the City of Unalaska by quitclaim deed.

Objectives - The Authority agreed to finance the project to provide job opportunities and to stabilize the economy of Unalaska which is dependent on Unalaska remaining the hub service facility for the Bering Sea and Gulf of Alaska fisheries as well as the crossroads for transshipment to the far east.

PROJECT DESCRIPTION

Scope of Work - Major improvements include a 730 foot long dock with associated ship handling features, the excavation of 90,000 cubic bank yards from a quarry site (the floor of which will be developed for upland use by the city), the installation of a crane rail system, and miscellaneous support items.

The City of Unalaska under the terms of the "Lease and Construction Management Agreement" and a "Memorandum of Understanding, Design and Construction" does all on-site construction management and administration. A consulting firm, PN&D, under contract to the city does the quality control and provides construction phase engineering services.

PROJECT BUDGET

Approximately \$7,000,000 will be invested by the Authority in the dock and related improvements. SeaLand Services, Inc., and Petro Marine Services, Inc., will invest \$5,000,000 and \$2,500,000 respectively in tenant improvements.

Source of Funds - The Authority will pay for the improvements through the sale of tax-exempt bonds. The City of Unalaska will pay rent under the lease which is sufficient to repay the Authority's bonds and other funds that may be provided by the Authority, using fees paid by users of the facility.

SCHEDULE

The city has awarded a contract for construction of the improvements to Construction and Rigging Inc. The grand opening is scheduled for January 31, 1992 through February 1, 1992.

STATUS

Construction with the exception of final site grading, quarry scaling and grading, and some offsite project mitigation work is complete. The city took occupancy of the dock on January 15, 1992. Contractor has demobilized except for equipment needed to complete the above work.

The Authority made final payments on behalf of the city up to the total amount of the bond sales the week of January 13, 1992. The project came in slightly over budget, but city port revenue funds will make up the difference.

January 30, 1992

SKAGWAY ORE TERMINAL

BACKGROUND

Brief History - The Authority purchased the Skagway Ore Terminal from Pacific and Arctic Railway and Navigational Company and the Skagway Terminal Company, collectively known as "White Pass", on July 24, 1990. The purchased assets included the ore storage building, shop, laboratory, electrical building, utilities, shiploader including conveyor system, and a sublease on land with the City of Skagway.

Participants - On July 24, 1990, the Authority signed a terminal access agreement with Curragh Resources Inc., a Canadian mining firm, to operate and maintain the Skagway ore terminal for the offloading, storing, and transloading onto ore ships of bulk mine products consisting primarily of lead sulfide mineral concentrates and zinc sulfide mineral concentrates. The agreement stipulates that the Skagway ore terminal is a public facility and that third party users may use that portion of the facilities not being used by Curragh.

Objectives - The Authority purchased the Skagway ore terminal and agreed to make improvements to the facility in order to develop a public facility to enhance the shipment of bulk mine products and thereby create jobs and strengthen the local economy. Curragh has used Alaskan contractors in its construction, and in operation of the terminal. The project will retain employment in present operations and adds 4 additional terminal operators since exports from the new Mt. Hundere mine begin.

PROJECT DESCRIPTION

Scope of Work - Phase I included structural building improvements and environmental and safety improvements.

Phase II work is primarily centered around reconstructing the pile foundations under the shiploader and the transfer tower.

PROJECT BUDGET

Phase I	\$8,213,000
Phase II	\$2,494,000

Source of Funds - The Authority sold general obligation Revolving Fund Bonds, Series 1990A in the amount of \$25,000,000 in December 1990 to pay for the initial purchase and the cost of ongoing improvements and bond costs. The Authority's acquisition costs and purchase of tenant improvements totaled \$14,293,000.

SCHEDULE

Phase I improvements have been completed.

Phase II improvements are now under contract. Major work item is shiploader foundation repairs.

STATUS

Completed improvements include a new building skin, new floor, paved yard, new mechanical and electrical systems, landscaping, new equipment, and the conversion of an old generator building into a change facility and office.

Near Term Activities - The Authority received approval to sole source contract Phase II Improvements directly with Curragh Resources, Inc., in order to assure uninterrupted transshipment of ore, to preserve Curragh's obligation to make payments and to continue Curragh's indemnification of the Authority from claims. The Authority signed a contract with Curragh's agent Knik Construction for \$1,759,040 on December 30, 1991 for the Phase II work.

Long Term Activities - Construction associated with the repair of the shiploader foundation will be completed early spring of 1992 before the tour ship season starts.

The Authority is still working with Curragh Resources to take over and finance the tank farm which serves the ore terminal and provides storage for the ore haul operation. Work on the underground piping and electrical work is essentially complete. The tank farm was placed in-service on January 24, 1992.

January 30, 1992

ANCHORAGE INTERNATIONAL AIRPORT
AIRCRAFT MAINTENANCE FACILITY

BACKGROUND

Brief History - The Authority received legislative approval during the sixteenth session to issue bonds in the principal amount not to exceed \$50,000,000 to finance the acquisition, design, and construction of an aircraft maintenance facility at Anchorage International Airport, to be owned by the Authority.

Participants - The Authority, working with the Alaska International Airport System, solicited interest from the airline industry as to their current and future aircraft maintenance requirements. Based on this solicitation, the Authority applied for a land lease at Anchorage International Airport, and is ready to develop a user agreement with Alaska Airlines who has indicated that they want to develop a hangar facility at the airport.

Objectives - The Authority intends to construct one or more aircraft hangars to handle major or minor maintenance of large commercial jet aircraft that serve the state. These facilities will strengthen Alaska's role as an international air crossroads and will help attract air carriers and solidify the presence of existing airlines with basic support services. Additionally, the facilities will assist interstate and intrastate airlines that base their aircraft in Alaska by locating a maintenance station where their aircraft are operated. Financing of this facility by the Authority will create high skill level jobs and additional income for Alaskans. Alaska Airlines has indicated they will have thirteen aircraft based in Anchorage that will use the hangar and that they will also perform routine maintenance for all of Japan Airlines' 747 cargo fleet on an as needed basis.

PROJECT DESCRIPTION

Scope of Work - Alaska Airlines plans to construct a hangar that will accommodate three narrow body aircraft or one wide body aircraft (55,000 sq. ft.), plus a store and fleet servicing facility and new cargo handling facility (105,000 sq. ft.) to replace their existing cargo facility (which will be converted and used for equipment staging) and (20,000 sq. ft.) of shops.

Other airlines such as Northwest Airlines have indicated that they would be interested in the possibility of using and paying for use of facilities operated by others.

PROJECT BUDGET

The projected cost for Alaska Airlines' facilities is approximately \$40-50,000,000 not including the cost of the specialized maintenance equipment that they will install.

Source of Funds - The Authority will finance construction through the sale of tax-exempt bonds. The user airlines, through a lease, will pay sufficient fees to repay the Authority's bonds and any other amount provided or incurred by the Authority.

SCHEDULE

Alaska Airlines has authorized the Authority to proceed with the programming design effort for both the hangar and the new cargo facilities. Alaska Airlines has also authorized the site work design which is scheduled to be advertised for construction this year.

STATUS

The Authority has contracted with R&M Consultants to design and possibly provide construction management of the facilities. The Authority's contract with R&M is for an amount not to exceed \$5.8 million.

The Authority has negotiated for a lease at Anchorage International Airport to accommodate Alaska Airlines' proposed hangar facilities. The lease should be consummated shortly.

The programming documents for both the maintenance hangar and the cargo handling facility will be completed shortly. The next scheduled effort will be to obtain final approval of the Project from the Alaska Airlines' Board of Directors.

Bidding and construction activities are scheduled to be started during 1992 with the completed facility to be placed in-service no later than October 1, 1995.

January 30, 1992

MARKAIR HANGAR ACQUISITIONS

BACKGROUND

Brief History - The Authority was approached by MarkAir to purchase their hangar facilities in Fairbanks, Bethel, and Unalaska with the understanding that they would lease the facilities back and make code improvements as required. MarkAir's maintenance and operation efforts, training center, and reservations system will also be consolidated in Fairbanks.

MarkAir's primary objective for making this sale and leaseback was to raise operating funds which would allow them to expand into the interstate market and increase their intrastate market share in order to stay competitive in the industry. In order to raise the largest amount of funds possible, MarkAir included their new hangars at both Bethel and Dutch Harbor. The Fairbanks purchase also included an attached office building, an air cargo building, and a warehouse building.

Participants - The Authority solicited input from local governments, the legislature, Fairbanks International Airport and the community at large. Based on the importance of MarkAir as the major intrastate cargo and passenger carrier and the significant contribution they make to employment in Alaska, the Authority elected to invest in these holdings. Prior to investing, the Authority contracted with a professional architectural/engineering firm to perform an inventory and condition survey of all three facilities to quantify any building and/or code deficiencies. The Authority also commissioned an independent appraisal to determine the market value of each of the hangars, and financial plan to determine the economic viability of the project.

Objective - The Authority agreed to finance the hangar acquisitions because of the prospect of creating new jobs in the state, the need to maintain a competitive viable transportation alternative for both cargo and passenger service, and to encourage the expansion and diversification of the Alaska economy.

PROJECT BUDGET

The total cost of the Bethel, Dutch Harbor, and Fairbanks hangar facilities was \$8.6 million. The Authority withheld \$2.0 million to correct building and/or code deficiencies. Additionally, the Authority retained \$700,000 to perform environmental studies and to pay for clean-up of any potential site contamination, and \$150,000 to pay for the Authority's closing costs.

Source of Funds - The Authority used Economic Development Funds to purchase and pay for the hangar improvements.

PROJECT DESCRIPTION

Scope of Work - The Authority is using the inventory and condition surveys as a basis in working with MarkAir to correct identified deficiencies. All critical fire and other code deficiencies have jointly been agreed upon.

SCHEDULE

MarkAir's goal is to correct critical code deficiencies within 45 days. The remainder of the work will be accomplished over a nine month period.

Near Term Activities - MarkAir has already contracted with Ghemm Co. and work is currently underway to correct the building deficiencies. MarkAir is also making tenant improvements to accommodate the new training center and reservations center.

Long Term - The Authority is working with the Fairbanks International Airport to provide water and sewer utility extensions to serve the Fairbanks hangar facility.

MarkAir will be performing necessary environmental studies at all three sites and performing any required cleanup activities as soon as weather permits.

January 10, 1992

OVERVIEW AND STATUS OF THE HEALY CLEAN COAL PROJECT

BACKGROUND

- The Healy Clean Coal Project is one of 13 projects, selected by DOE from a list of 48 competitors, for federal funding under the Clean Coal Technology III program. The federal funds constitute about 48.5 percent, or \$93.9 million of the project's proposed total budget of \$193.4 million.
- The project will be located adjacent to the GVEA's existing Healy No. 1 powerplant that was constructed in 1967.
- The information required by the National Environmental Policy Act is being collected. A contractor has been retained by DOE to write an EIS, using input from our engineer, Stone and Webster Engineering Corporation. The EIS and the related permit process should be complete before site construction begins in the spring of 1993.
- A list of team members and their roles is shown in Attachment 1.
- The Cooperative Agreement between the DOE and AIDEA has been signed by both parties.

PROJECT DESCRIPTION

- Fossil fuels typically create oxides of sulfur and nitrogen that can result in air pollution and acid rain. The HCCP integrates two advanced technologies designed to reduce substantially the emissions of these pollutants. It offers other benefits as well in that coal not suited for export can be utilized rather than wasted, and that byproducts from the combustion process are nonpolluting and potentially useful.
- The first component of innovative technology is the TRW entraining combustion system that burns coal in stages to minimize the formation of nitrogen oxides. The combustor also melts and removes as slag the earth or clay contaminants commonly included in coal that would otherwise be wasted at the mine.
- Pulverized limestone will be added to the TRW combustor. The limestone will be converted by heat in the flue gas to lime, which reacts with the sulfur dioxide in the gas and removes it as a sulfate. The unreacted lime and sulfates are caught by the second technology, supplied by the Joy Environmental Equipment Company, and recycled to scrub the flue gas and further reduce the sulfur dioxide content.
- The combustion process occurs in a conventional boiler that produces steam for a conventional turbine to produce 55 megawatts for use by the Golden Valley Electric Association (GVEA).
- The powerplant, which will be operated by GVEA, will provide baseload generation. GVEA is substantially deficient in baseload capacity: the only baseloaded plant in their system is the existing 25 megawatt Healy

plant that will be 30 years old when the HCCP goes into operation. The maximum life of the existing plant is 40 years, so the HCCP may be the only source of baseload capacity after the existing plant ends its economic life.

- A coal test burn using Usibelli coal in a TRW combustor testing facility in Cleveland, Ohio, has demonstrated the applicability of the combustion technology to Healy coal.

BUDGET

The latest sources and uses of funds breakdown for the project is presented in the July, 1991 Financing Plan prepared by R.W. Beck. A copy is included as Attachment 2.

SCHEDULE

- Key dates in the project schedule are:

Detailed Design Started	September, 1991
Continuation Application for Budget Period 2 submitted to DOE	February, 1992
Environmental Process Complete	October, 1992
Release to Fabricate	October, 1992
Site Construction	March, 1993
Demonstration Testing	January, 1996
Commercial Operation	January, 1997

STATUS - Near Term Activities

- Contracts are in place with TRW for the design of the combustion system; Foster Wheeler for the steam generation system (Boiler); Joy Environmental Equipment Company for the scrubber and baghouse systems; and Sumitomo Electric Corporation for the Turbine Generator. Contracts for other plant components are in preparation, with the contractors released for design only.
- Schedule sensitivity to delays in key dates is being evaluated. In particular, potential delays in the EIS schedule identified by DOE are being evaluated.
- A panel of experts has been convened to provide advice concerning effects of the project on visibility in Denali Park.
- An amendment to the coal supply agreement is in preparation to include coal price concessions by Usibelli Coal Mine.
- The Power Sales Agreement between GVEA and AIDEA was filed with the APUC in December, 1991. The Authority filed a Certificate of Public Convenience and Necessity with the APUC, which will be processed in parallel with the Power Sales Agreement filing.

Healy Clean Coal Project
Page Three

- The engineering team is considering a limited construction program in 1992 to prepare the site for the start of major construction in 1993. At a minimum, the work will involve removal of ash ponds adjacent to the existing Healy powerplant. Concurrence of the Board will be sought prior to initiating work.
- A continuation application for the second budget period will be ready to submit to DOE in February. The application will include a comprehensive budget that will be used to measure budget control performance for the balance of the project. The information will be presented to the Board in February, 1992.

ATTACHMENT 1

HEALY CLEAN COAL PROJECT
TEAM PARTICIPANTS

<u>PARTICIPANT</u>	<u>RESPONSIBILITIES</u>
1. AIDEA	<ul style="list-style-type: none">• Administer state funds• Perform as DOE grant recipient under the Cooperative Agreement• Finance the project.
2. GVEA	<ul style="list-style-type: none">• Operate the facility under agreement with AIDEA• Pay for power generated per terms of the power sales agreement
3. TRW	<ul style="list-style-type: none">• Design and supply the entraining combustion system
4. JOY Environmental Equipment Co.	<ul style="list-style-type: none">• Design and supply the flue gas desulfurization system
5. Foster Wheeler Energy Co.	<ul style="list-style-type: none">• Fabricate and supply the boiler system, integrating the TRW combustors
6. Stone & Webster Engineering Corp.	<ul style="list-style-type: none">• Architect/Engineer for the project
7. Usibelli Coal Mine	<ul style="list-style-type: none">• Furnish coal under a coal supply agreement with GVEA

Table 7

HEALY CLEAN COAL PROJECT
SOURCES AND USES OF FUNDS
(Thousands of Dollars)

CONSTRUCTION

SOURCES

DOE Grant	85,074
Non DOE Funds:	
State Funding	25,000
Authority Funds	
Construction	49,000
R&C Fund	2,588
Interest Earnings:	
State Funds	3,114
Authority Construction Fund	13,443
R&C Fund	4,012

Total Sources 179,231

USES

Construction Costs	175,437
R&C Fund	3,600
Rounding	194

Total Uses 179,231

FIRST YEAR OPERATIONS (PHASE III)

SOURCES

Power Sales	
Non-DOE	7,590
GVEA Contribution	4,338
DOE	7,410

Total Sources 19,338

USES

Cost of Production	
GVEA	3,226
Consumables	3,871
Coal	4,000
Demonstration Test Costs	
Authority	323
SWEC	645
UCM	164
TRW	756
JOY	310
Contingency	1,706
GVEA Payment to AIDEA	4,338

Total Uses 19,338

January 30, 1992

ORBITAL LAUNCH FACILITY FEASIBILITY ANALYSIS

BACKGROUND

Brief History - There is an existing suborbital launch facility at the Poker Flat Research Range which is operated by the Geophysical Institute of the University of Alaska Fairbanks. The largest existing launcher has a 20,000 pound limit and would be incapable of transporting or positioning larger rocket motors. The concept is to augment the existing research facility to create a facility for a commercial, orbital satellite launch system. The anticipated launch vehicles weigh about 30,000 pounds, and the possibility of handling 50,000 pound vehicles is a consideration for planning purposes. A substantial change in launch pad configuration is expected. Depending on the launch rate, two or three additional and commercially dedicated launchers may be required. Upgrades or replacement of support facilities to sustain commercial operations are anticipated.

Participants - The Authority has signed a contract with Design Alaska, Inc. of Fairbanks to analyze the feasibility of constructing a new commercial satellite launch facility. Design Alaska, Inc. has three subcontractors. KPMG Peat Marwick will do the business/financial planning, United Engineers & Contractors will do the aerospace engineering, and MicroSat Launch Systems will perform the legal/regulatory analysis for the contract. The Authority has also signed an agreement with the Geophysical Institute to provide for technical and professional reviews of Design Alaska, Inc.'s work products.

Objectives - The Authority agreed to finance the project because of the prospect of creating new employment opportunities and encouraging the diversification and expansion of the Alaska economy. The current objective is to determine the financial feasibility for commercial development of Poker Flat.

PROJECT DESCRIPTION

Scope of Work - A facility plan will assess commercial uses of an expanded range, produce alternative upgrading scenarios, provide a preliminary cost estimate for each scenario, and analyze legal and regulatory issues. A financial plan will investigate the competitive position of a commercial facility in the satellite launching market, identify potential users, analyze sources/uses of funding for development alternatives, estimate annual operating costs, prepare an investment pro forma, look at projected service life, provide a conceptual summary business plan, and review associated impacts and benefits to the Alaskan economy.

The Geophysical Institute will provide information to the contractor about its current facility and assist the Authority in its role of reviewing and analyzing Design Alaska, Inc.'s work products.

PROJECT BUDGET

The Authority's contract with Design Alaska, Inc. is for \$132,715 and the agreement with the Geophysical Institute is for an amount not to exceed \$20,000.

Source of Funds - The Authority is financing this project out of its operating budget until the feasibility is determined. If the project comes to fruition, potential users will repay the Authority.

SCHEDULE

Design Alaska, Inc. submitted review drafts of their work products on November 1 (partial) and December 9, 1991 (complete). Comments from the complete review draft are in hand and the consultant is preparing the final report.

STATUS

Submittal of the final report is expected in time to mail copies to the AIDEA Board for consideration at the February board meeting.

January 30, 1992

FIRE ISLAND DEEP WATER PORT FACILITY

BACKGROUND

Brief History - The Authority was the principle state agency to negotiate with the Cook Inlet Region, Inc. (CIRI) to provide for the development of a regional deep water port facility on Fire Island. Additionally, the Authority was delegated to adopt the state's rights and responsibilities which arise under a letter of intent whereby the state was obligated to negotiate a definitive and binding purchase and sale agreement for lands on Fire Island. Before entering into this agreement, the Authority determined that it would be prudent to undertake thorough examination of the financial feasibility of a proposed deep water port facility on Fire Island.

Participants - The Authority selected the firm CH2M HILL to perform a constructibility assessment, market evaluation and economic feasibility analysis. A contract for \$100,000 was signed with CH2M HILL on September 20, 1991.

The Authority also contracted with Manalytics, Incorporated to perform a market assessment. A contract was signed on September 30, 1992 for \$50,000 to perform the assessment.

CH2M HILL evaluated extensive file information, conducted an onsite visit, provided conceptual designs for the port facility (considering the location and physical environment) prepared cost estimates, did a market evaluation and derived port revenues estimates. This effort culminated in a draft report that was submitted to the Authority in early December.

Manalytics, Inc. conducted extensive interviews with potential users, assessed the potential market for the port and identified potential manufacturing, assembly, warehousing, distribution and other site-advantaged industrial uses. The draft report was furnished in December to support CH2M HILL's efforts.

The findings of both work efforts were presented to Governor Hickel, Mayor Fink and CIRI on December 2, 1991.

Because of the large difference between the cost of development alternatives staff determined that in order to obtain a comprehensive analysis, a peer group panel would review the studies completed by CH2M HILL and Manalytics, Inc. to insure their accuracy.

SCHEDULE

The Authority has obtained the necessary procurement waivers from the Department of Transportation and Public Facilities to procure the services of the peer review group members, and to contract with CH2M HILL to present and support their study findings. The Authority intends to contract with a third party to coordinate the review.

The peer review is tentatively scheduled for late February or early March.

Fire Island Deep Water Port Facility
Page Two

BUDGET

The peer review effort is anticipated to cost approximately \$75,000.

January 30, 1992

NORTHWEST ALASKA RESOURCE DEVELOPMENT
TRANSPORTATION ALTERNATIVES STUDY

BACKGROUND

Brief History - The Authority received a legislative appropriation to perform a transportation study to identify alternative modes of transporting coal and other minerals from Northwest Alaska for domestic and foreign export. The private developers, the North Slope Borough and the Arctic Slope Regional Corporation have made substantial progress toward estimating the current minable coal reserves, determining the quality of the coal, performing a comprehensive environmental assessment and evaluating potential coal markets. This transportation study will evaluate feasibility and serve to determine the most cost effective and reliable transport option, if feasible, to prepare the project for implementation and to secure permits and construction financing.

Participants - The Authority issued a request for proposal (RFP) to solicit professional engineering services to perform this study. The RFP was reviewed by a technical working group to establish the scope of work. The firm CH2M HILL was selected and contracted with to perform the study. The Authority also contracted with Denton Civil & Mineral to provide mining engineering consulting services to support the transportation alternative study.

Objectives - The Authority intends for the transportation study to provide data on design as well as implementation options (public and public-private partnerships) tolling concepts and alternative means of financing based on projected user revenues and operating expenses.

PROJECT BUDGET

The legislative appropriation is for \$200,000. The CH2M HILL contract is for \$190,000 and the Denton Civil & Mineral contract is for \$9,060.

SCHEDULE

The study is to be completed in rough draft by the end of July 1992 and a final study report is due by September 1, 1992.

Near Term - Information gathering meetings were held with the Alaska Miners Association, the National Park Service, NANA Regional Corporation, the Alaska Railroad Corporation, the Alaska Department of Natural Resources, and the Arctic Slope Regional Corporation's engineering firm Arctic Slope Consulting Group. Further meetings are scheduled with Department of Natural Resources and Alaska Department of Fish and Game staff in Fairbanks. A meeting is also scheduled with Doyon Corporation.

The first phase of the project (which establishes the parameters for the rest of the study) should be completed within the next three months. At that time the authority plans to meet with the technical working group and key participants to review the phase I results and modify or change as appropriate.

January 30, 1992

KETCHIKAN SHIPYARD

BACKGROUND

Brief History - The Authority was approached by the City of Ketchikan to invest in the Ketchikan Shipyard in an effort to keep the shipyard in operation, to help attract additional vessel maintenance and to increase the number of skilled jobs.

The shipyard was funded and constructed as an economic development project for the primary purpose of repatriating the Alaska Marine Highway ferry repair work to Alaska. From the beginning it was known that the facility would not repay capital investments and that additional business would be required to achieve break-even cash flow.

The Department of Transportation and Public Facilities (DOT&PF) spent approximately \$30 million in the 1980's to construct the facility. The City of Ketchikan leases and manages the shipyard via a sublease with Ketchikan Shipyard Inc., which is owned by Seley Corporation. Ketchikan Shipyard Inc. took over operation and management of the shipyard in 1989 from the original sublease Ketchikan Welding Works when they experienced operational and financial difficulties. Ketchikan Shipyard is now experiencing these same problems.

Participants - The Authority working with the City of Ketchikan, the DOT&PF, Ketchikan Shipyard Inc. and creditors has been looking at various development scenarios and debt restructuring in an effort to keep the struggling shipyard in operation.

Objectives - The Authority is negotiating to purchase the Ketchikan Shipyard and to make improvements to the facility in an effort to enhance the shipyards capabilities and thereby create jobs and strengthen the local economy. The Shipyard has the potential to retain and create up to a total of 50 direct jobs. The Shipyard currently generates approximately \$2.0 million in local wages.

PROJECT DESCRIPTION

Scope of Work - The authority has procured the services of several professionals to assess the feasibility of expanding the shipyard and to look at the economic viability of an enhanced shipyard. The Authority contracted with Dames & Moore to perform a third party assessment evaluation of environmental and permitting activities currently underway and planned. Additionally, the Authority contracted with S.J. Nicholson Consulting Services Ltd. to perform a management audit, Brad Carefoot Consulting Services Inc. to perform an independent facility review and KPMG Peat Marwick to perform a financial audit of the Ketchikan Shipyard. In order to evaluate the economic feasibility of proposed improvements, the Authority contracted with Northern Economics to assess the market and potential revenue stream of the shipyard with and without the proposed improvements.

SCHEDULE

Near Term - The Authority is negotiating with the City of Ketchikan, the DOT&PF, and the current operator, Ketchikan Shipyard Inc., to determine how best to proceed with taking over the shipyard.

Report findings were favorable. However, there are several obstacles that will have to be resolved if continued operation of the yard and the related benefits to Ketchikan and the State of Alaska are to be realized in the future. Although the list of requirements is lengthy, the benefits and opportunities are also substantial.

Long Term - The Authority intends to complete negotiations and propose a development plan in time to work with the legislature to implement the plan.

HB417

SENATE FINANCE COMMITTEE REPORT

DATE: 5/9/92

FURTHER: _____

DATE TURNED INTO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 417 (FINANCE) am

Financing authority of the Alaska Industrial Development and Export Authority and of the Alaska State Housing Authority, to a project for which the legislature has already approved the Authority's issuance of bonds; issuance of bonds for an Anchorage airport seafood facility, an Anchorage airport fueling facility, and the Ketchikan Shipyard as additional projects of the Authority; efd.

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

- do pass
- do not pass
- no recommendation
- individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

DO PASS:

1. _____
Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

OTHER RECOMMENDATIONS:

2. _____
Co-Chair: Signature/Recommendation

CS FOR HOUSE BILL NO. 417 (FINANCE) am
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/8/92
Offered: 5/6/92

Sponsor(s): REPRESENTATIVES CHOQUETTE, Baker, Zawacki, C.Davis, B.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority of the Alaska Industrial Development and
2 Export Authority and of the Alaska State Housing Authority, to a project for which the
3 legislature has already approved the Authority's issuance of bonds, and to approval of the
4 issuance of bonds for an Anchorage airport seafood facility, an Anchorage airport fueling
5 facility, and the Ketchikan Shipyard as additional projects of the Authority; and providing
6 for an effective date."

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

8 * Section 1. Section 25, ch. 123, SLA 1990 is repealed and reenacted to read:

9 Sec. 25. The Alaska Industrial Development and Export Authority may issue bonds to
10 finance the acquisition, design, and construction of aircraft maintenance air cargo/air transport
11 support facilities located at Anchorage International Airport, to be owned by the Authority. The
12 principal amount of the bonds may not exceed \$85,000,000. This section grants the legislative
13 approval required by AS 44.88.095.

1 * Sec. 2. The Alaska Industrial Development and Export Authority may issue bonds to finance the
2 acquisition, design, and construction of public use aircraft fueling facilities located at Anchorage
3 International Airport, to be owned by the Authority. The principal amount of the bonds may not exceed
4 \$40,000,000. This section grants the legislative approval required by AS 44.88.095.

5 * Sec. 3. The Alaska Industrial Development and Export Authority may issue bonds to finance the
6 acquisition, design, and construction of a facility for the offloading, processing, storage, and transloading
7 of seafood located at or near Anchorage International Airport, to be owned by the Authority. The
8 principal amount of the bonds may not exceed \$50,000,000. This section grants the legislative approval
9 required by AS 44.88.095.

10 * Sec. 4. The Alaska Industrial Development and Export Authority may issue bonds to finance the
11 design, construction, reconstruction, improvements, and equipping of the Ketchikan shipyard facility to
12 be owned by the Authority. The principal amount of the bonds may not exceed \$15,000,000. This
13 section grants the legislative approval required by AS 44.88.095. This approval is contingent upon the
14 appropriation by the legislature of the shipyard facility to the Alaska Industrial Development and Export
15 Authority according to terms that are mutually agreeable to the membership of the Alaska Industrial
16 Development and Export Authority and the director of the Alaska marine highway system.

17 * Sec. 5. Notwithstanding AS 18.55.100(d), the Alaska State Housing Authority shall issue its bonds
18 under AS 18.55.010 - 18.55.290 to finance the design, construction, improvements, and equipping of an
19 addition to court facilities in Anchorage, to be owned by the Authority. The principal amount of the
20 bonds may not exceed \$40,000,000.

21 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

HB418

HOUSE COMMITTEE REPORT File

(11)

Date Referred: February 12, 1992

FURTHER REFERRALS:

Date of Committee Action: 2/25/92

The FINANCE Committee considered:

SSHB 418

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 418

WORK BREAKS FOR WORKING MINORS

"An Act requiring employers to provide certain employees who are minors with a break from work."

RECOMMENDATIONS:

be replaced with CSHB 418 (Fin) 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 _____

fiscal note(s) _____

zero fiscal note DOA 2/20/92

zero fiscal note(s) DOA 2/12/92

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. McKeon</i>	✓	<i>Bar Sharp</i>		✓	
<i>Mark Bayer</i>	X	<i>Phillips</i>		✓	
<i>Tan Brown</i>	✓	<i>Ronald Larsen</i>		(CS)	
<i>Mike Navarre</i>	✓				

Mike Navarre *EP McKeon*
CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 418 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES MACLEAN, Koponen

A BILL

FOR AN ACT ENTITLED

1 "An Act permitting the employment of certain minors in the entertainment industry;
2 requiring employers to provide certain employees who are minors with a break from
3 work."

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

5 * Section 1. AS 23.10.335 is amended to read:

6 Sec. 23.10.335. EMPLOYMENT OF CHILDREN UNDER 14. A minor under 14 years
7 of age may not be employed or allowed to work in an occupation outside school hours except
8 in

9 (1) domestic employment, baby-sitting, and handiwork in and about private
10 homes;

11 (2) newspaper delivery or sales;

12 (3) employment as a performer in the entertainment industry; or

13 (4) canneries in warehouse work casing cans under competent supervision.

14 * Sec. 2. AS 23.10.350 is amended by adding new subsections to read: