

**ALASKA LEGISLATURE**

**2100**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 1999 - 2000**

251

**Financial Overview:**

Total 1997 Revenues: \$76,386,000, Grant Revenues: \$1,230,000.

Total 1997 Operating Budget: \$75,200,000.

Equity Balance: \$84,040,000, which includes State of Alaska investment of \$34,174,000.

Contributions to State of Alaska Operating Budget: None.

**Performance Measures:** An annual Performance Audit is prepared by an outside expert in the railroad business. The railroad also submits to the legislature an annual report of the year's activities.

**Present Return on Asset/Activities:**

Primary Return: 1997 Net income of \$10,590,000.

Secondary Return: Undetermined

Public Benefit: Undetermined

**Historical Footnotes Affecting Returns:**

Undetermined.

**Asset:** Alaska Science & Technology Foundation (ASTF)  
ASTF was created through statutory authorization (37.17.01 0). Funded by an endowment of \$101 million.

**Mission:** Enhance the development and application of science and technology for the direct benefit of Alaskans. ASTF will help establish an environment where Alaska has the confidence, know-how, technology and risk capital to grow an economy of sustainable wealth.

**Business Activities:**

- Makes grants to technology-based firms with preference to startups and existing firms branching into new products or processes.

**Management Structure:**

- Independent Agency.
- Management Oversight: Board of directors appointed by the Governor; Legislative confirmation required.
- Financial Oversight: Governor appointed board of directors makes all funding decisions and the Legislature approves the budget.

**Financial Overview:**

Total 1997 Revenues: Two types: Investment income and grant/loan repayments  
Total 1997 Operating Budget: Approximately \$9 million.

Fund Balance (if any): Endowment is \$101 million with additional earnings of \$15 million.

Contributions to State of Alaska Operating Budget: None.

**Performance Measures:** Undetermined.

**Present Return on Asset/Activities:**

Primary Return: Increased science and engineering capability to sustain the economy.

Secondary Return: More R&D and headquarter functions to aid in gaining control over Alaska's economic destiny.

Public Benefit: Latest evaluation shows 615 jobs as a result of ASTF projects.

**Historical Footnotes Affecting Returns:** ASTF's goal is to help finance and put together projects to reach the above goals. The Board has discussed the possibility of privatizing the ASTF, but are not at all clear that the Legislature would want to accept this loss of control or accountability. Moving to a two-year budget would be an improvement on the existing system thus eliminating the threat to the future of the organization each year. There is a concern that certain non-revenue functions of ASTF would go away if privatized. The threat to ASTF's existence is to transfer the endowment to support a perceived financial crisis.

**Asset:** Alaska Seafood Marketing Institute

**Mission:** To increase the consumption of Alaska seafood and to promote the quality and superiority of Alaska seafood products.

**Business Activities:** Promote through marketing programs the consumption of Alaska seafood. To promote within the industry a program to improve the quality of Alaska seafood.

**Management Structure:**

Chief Executive: Barbara Belkamp, Executive Director.

Management Oversight: Oversight is by a 25-member board. Twelve members are fishermen and twelve members are processors. One member is from the general public.

Financial Oversight: Through the State Legislature.

**Financial Overview:**

Total Revenues: Revenue is obtained by a 1% salmon tax, a .3% processor tax and some federal export monies that require a state match. FY97: \$6.2 M (\$3.5 M from the 1% salmon tax, \$2.7 M from the .3% processor tax).

Total Operating Budget: \$.9M Administration, \$.2M R&D, the balance to programs.

Fund Balance: Minimal.

Contributions to State of Alaska Operating Budget: None.

**Performance Measures:** Internally they have well defined performance measures in the marketing program, restaurant usage and quality programs. The one problem area is in getting information from retailers and they consider such information confidential.

**Present Return on Asset/Activities:**

Primary Return: None

Secondary Return: Undetermined.

Public Benefit: Jobs in the seafood industry.

**Historical Footnotes Affecting Returns:** Since the majority of the monies spent are from self-taxation or federal sources, the organization is not a drain on the general state treasury.

**Asset:** Alaska Tourism Marketing Council

**Mission:** To stimulate statewide economic growth, diversification and employment through the promotion of Alaska as a visitor destination.

**Business Activities:**

- Design and execute an integrated marketing program directed at U.S. and Canadian markets determined to have the greatest potential for producing new and repeat visitors.
- Dissemination of visitor information by media advertising, public relations and research.

**Management Structure:**

Chief Executive: Director of the Division of Tourism

Management Oversight: 21-member board, 10 appointed by the Governor, 10 appointed by Alaska Visitor's Association, plus the Director.

Financial Oversight:

**Financial Overview:**

Total Revenues: No direct revenues generated.

Total FY97 Operating Budget: \$5,310,600.

Fund Balance : N/A

Contributions to State of Alaska Operating Budget: No direct contributions, however tourism yields \$124 Million in taxes and fees.

**Performance Measures:** Undetermined.

**Present Return on Asset/Activities:**

Primary Return: Increase in the number of year-round visitors from the U.S. & Canada.

Secondary Return: Increase in jobs in the tourism industry. Additional fees going to state and municipal treasuries.

Public Benefit: Allows small businesses with affordable access to a national marketplace. Increased tourism benefits the overall economy.

**Historical Footnotes Affecting Returns:**

- ATMC is a public corporation within the Department of Commerce & Economic Development.
- A joint venture between the State and private sector. The Alaska Visitor's Association represents the private sector.

**Asset:** Department of Natural Resources, Division of Agriculture

**Mission:** To administer promotional and experimental work, agricultural projects and long term, low interest loans for the purpose of promoting and developing the agricultural industry within the state.

**Business Activities:**

- General agricultural development and administration.
- State Fairs
- North Latitude Plant Materials Center (NLPMC) which supports industry through production and development of plant materials.
- Agricultural Revolving Loan Fund (ARLF).

**Management Structure:**

Chief Executive: Division Director

Management Oversight: Commissioner of DNR.

Financial Oversight: Governor submits the budget to the Legislature for review and approval.

**Financial Overview:**

Total Revenues: \$352,000 of Federal funds and \$508,000 from ARLF.

Total 1997 Operating Budget: \$940,000 for NLPMC.

Fund Balance:

Contributions to State of Alaska Operating Budget: None

**Performance Measures:** None found.

**Present Return on Asset/Activities:**

Primary Return: Undetermined.

Secondary Return: Undetermined.

Public Benefit: Agricultural commodities priced at market-clearing rates.

**Historical Footnotes Affecting Returns:**

Legislature has replaced General Fund support for the Division with assets from ARLF.  
Assets are declining as they are appropriated for the Division's operating costs.

**Asset:** Department of Fish & Game

**Mission:** To maintain and enhance the health and population of the various species of fish and animals, including habitat protection, and then to allocate the harvest of fish and game among sport, subsistence and commercial users, and escapement, using the principle of sustained yield.

**Business Activities:**

- Strategic management and allocation of the various resources.

**Management Structure:**

Chief Executive: Commissioner of the Department of Fish & Game.

Management Oversight: Board of Fish & Game.

Financial Oversight: Legislative.

**Financial Overview:**

Total Revenues: Unavailable.

Total Operating Budget: Unavailable.

Fund Balance: Unavailable.

Contributions to State of Alaska Operating Budget: Unavailable.

**Performance Measures:** Undetermined.

**Present Return on Asset/Activities:**

Primary Return: Undetermined.

Secondary Return: Undetermined.

Public Benefit: Sustained resource.

**Historical Footnotes Affecting Returns:** Undetermined.

**Asset:** Alaska Department of Natural Resources, Division of Forestry.

**Mission:** To protect the State's forested land and forest resources and to manage them for multiple use and sustained yield.

**Business Activities:** Manage timber sales and issue personal use fuelwood, houselog and sawlog permits. Fight wildfires, plant seedlings, support public education and research. Administration of Rural Community Fire Protection Grants.

**Management Structure:**

Chief Executive: State Forester who is under the Commissioner of DNR.

Management Oversight: Alaska Board of Forestry appointed by the Governor.

Financial Oversight: Legislature.

**Financial Overview:**

1997 Total Revenues: \$1,200,000.

1997 Total Operating Budget: \$9,826,800.

1997 Fund Balance: None.

1997 Contributions to State of Alaska Operating Budget: None.

**Performance Measures:**

- Number of timber sales, volume of timber sold.
- Numbers of firefighters trained and number of fires fought and controlled.
- Numbers of acres inventoried and assessed for insect and disease conditions.
- Number of permits for public use.
- Research results from collaborators at U of Alaska or federal agencies.

**Present Return on Asset/Activities:**

Primary Return: \$1,268,656 return from 1996 timber harvest.

Secondary Return: Response to wild fires, wildlife habitat improvement, and forestry research.

Public Benefit: Permit issuance for personal use timber, timber sales provide employment, public education on forestry issues.

**Historical Footnotes Affecting Returns:** Undetermined.

**Asset:** Department of Natural Resources. Division of Mining

**Mission:** DNR's mission statement is, "To develop, conserve and enhance natural resources for present and future Alaskans". Mining Division adds, "To facilitate the development and stewardship of Alaska's mineral resources...by processing major mineral and coal actions necessitated for tracking title and compliance requirements".

**Business Activities:**

- Regulation of the mining industry
- Resource development
- Program administration
- Public safety
- Property rights

**Management Structure:** The Division of Mining & Water Management is a division of the Department of Natural Resources that answers to the Governor.

Chief Executive: Director of the Division of Mining & Water Management.

Management Oversight: Alaska Mineral Commission, Department of Natural Resources, Governor.

Financial Oversight: Annual State budget process.

**Financial Overview: FY 98**

Total Revenues: \$3,450,000

Total Operating Budget: \$3,888,900

Fund Balance: N/A

Contributions to State of Alaska Operating Budget: Undetermined.

**Performance Measures:**

- Input from interested groups: Alaska Miner's Association, Div. Of Geological & Geophysical Surveys, Div. Of Trade and Development, Division of Fish & Game, Alaska Minerals Commission, Environmental groups.
- DNR-Division of Mines provides performance criterion.

**Present Return on Asset/Activities:**

Primary Return: Mineral royalties, rental fees, lease fees, permit fees, and permit assistance fees.

Secondary Return: Job creation, infrastructure development, and resource development.

Public Benefit: Same as Secondary Return.

**Historical Footnotes Affecting Returns:**

- Assets consist of state lands for mineral production
- Revenues are derived from taxes on mining, claim rental fees, net license tax, mine application assistance, net royalty from state owned lands, corporate income tax
- Additional revenues come from federal abandoned mine program grants
- Expenditures in FY 98 are \$3,889,000 and will be cut to \$1,996,000 in FY 99.

**Asset:** Department of Natural Resources. Oil & Gas Development

**Mission:** To maximize economic and physical recovery to the state from its oil and gas resources. Five items are important to decision making:

- Economic and physical recovery
- Maximizing competition
- Maximizing use of Alaska's human resources
- Encouraging assessment of the state's resources
- Minimizing adverse impact

**Business Activities:** Issuing and controlling oil & gas leases.

**Management Structure:**

Chief Executive: Director of management unit

Management Oversight:

Financial Oversight: Legislative budget and audit as part of the annual budget process.

**Financial Overview:**

Total Revenues: Undetermined.

Total 1997 Operating Budget: \$4.2 million.

Fund Balance: Undetermined.

Contributions to State of Alaska Operating Budget: Undetermined.

**Performance Measures:** Undetermined.

**Present Return on Asset/Activities:**

Primary Return: Undetermined.

Secondary Return: Undetermined.

Public Benefit: Undetermined.

**Historical Footnotes Affecting Returns:** Undetermined.

**Asset:** University of Alaska Lands. Statewide Office of Land Management (SOLM).

**Mission:** The purpose of land ownership is to support the operations of the University.

**Business Activities:** SOLM currently generates the majority of University real property income from timber harvesting, residential/recreational subdivision and other land sales, and from commercial leasing. More than 50% of the land does not produce income, but does incur costs such as monitoring trespass/theft of resources, processing requests for easements and protecting the land from environmental contamination.

**Management Structure:**

Chief Executive: Martin Epstein, Director

Management Oversight: Accountable to the University Board of Regents.

Financial Oversight: SOLM reports to the University's VP of Finance.

**Financial Overview:**

Total Revenues: FY 97: \$5.8 M, FY 98: \$9.0 M, (Forecast) FY 99: \$7.5 M, FY 00: \$8.0 M.

Total Operating Budget: \$2.6 M.

Fund Balance: 6/30/97 \$80 M.

Contributions to State of Alaska Operating Budget: None.

**Performance Measures:** The University's Statewide Office of Land Management publishes an annual report which includes a Financial Report, Annual Progress Report toward their Strategic Plan and a review of both investment property and educational property projects.

**Present Return on Asset/Activities:**

Primary Return: Provides for the University students.

Secondary Return: Jobs are created as a result of certain land office transactions/timber harvests, etc.

Public Benefit: The presence of a University for Alaska.

**Historical Footnotes Affecting Returns:** Gross revenues from real property have increased from \$200,000 in FY 85 to \$10 M in FY 94 as a result of change of focus in the management and development office. The University is running out of prime land holdings for generating income.

**Appendix C**  
**Agency Interview Questions**

1. Are the public purposes well defined and relevant?
2. Is the fiscal structure sound and realistic given the purpose?
3. Does the management structure adequately balance the beneficiary purposes of the agency/asset against the interest of the equity owner and other public purposes?
4. Are there current performance measures? Is this reporting adequate?
5. Does the agency know and track its beneficiaries? Does it monitor its effectiveness in meeting its public purpose with these beneficiaries?
6. To what extent does this entity compete with the private sector for goods or services?
7. What are the explicit or implicit expectations of beneficiaries, the legislature, the general public and others with this agency/asset?
8. What changes to the structure of the agency/asset management would the managers themselves make?
9. Does this agency/use of this asset have an appropriate public purpose?
10. What other paradigms/structures might be appropriate for the management of this asset?
11. Most assets are managed for dual objectives—either ownership/regulatory (land) or public service/return on investment. How is the balance between these objectives handled within the management of the agency/asset?

Appendix D  
Biographies of Co-chairs

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N A N C Y   B E A R   U S E R A

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Nancy Bear Usera is currently Senior Vice President for Corporate Relations at Alaska USA Federal Credit Union. Prior to accepting that position in 1995, Usera served in key positions in the Administration of Governor Walter J. Hickel. Over the four-year term she served as Commissioner of Labor, Commissioner of Administration and as the Governor's Chief of Staff. She also served on a number of state boards including the Alaska Permanent Fund Corporation and Alaska Housing Finance Corporation.

Prior to state service, Usera spent 20 years representing a variety of state and national trade associations and was active in civic affairs. She currently serves on the boards of Commonwealth North, Anchorage Economic Development Corporation and the Alaska State Chamber of Commerce.

Before moving to Alaska in 1981, Usera was vice president of a Washington, D.C. association management and lobbying firm. She currently resides in Anchorage and has three sons.

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O L I V E R   S C O T T   G O L D S M I T H

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Professor Scott Goldsmith was been a faculty member of the Institute of Social and Economic Research, a public policy research arm of the University of Alaska Anchorage, for 23 years. He holds a joint appointment in the College of Business and Public Policy at UAA. His research interests include regional economics, Alaska fiscal policy and energy demand. He has constructed several Alaska economic models that are regularly used at the Institute for a variety of political analyses and projections. He is the principal author of the ongoing *Fiscal Policy Paper* series, which examines the fiscal implications of the dominance of petroleum in Alaska's tax base. Professor Goldsmith contributes the results of this research regularly to academic journals as well as to a more general audience through Institute publications and frequent speaking engagements. His teaching interests include business forecasting and mathematics for economists.

Professor Goldsmith is active in professional service to the community, having served as Chairman of the Anchorage Municipal Budget Advisory Commission, as a member of the Alaska Bypass Mail Post Office Task Force and the Child Support Enforcement Task Force, as well as on various other councils and boards over the years. He is also a member of the United Way of Anchorage Allocation Panel and on the boards of a number of Anchorage athletic events.

Professor Goldsmith is a native of Chicago, a graduate of Princeton, and holds a Ph.D. in Economics from the University of Wisconsin. He is married and has two daughters.

**Appendix E**  
**Study Group Members**

**PRODUCTION AND MANUFACTURING:**

(Fish & Game, DNR timber, Alaska Correctional Industries, oil & gas, mining, agriculture)

**Chair:** Cheryl Frasca – C. Frasca Co.

Sole proprietor of government relations consulting firm with expertise in the legislative process and state fiscal policy issues. Past positions include Deputy Chief of Staff to the Governor; Director, Division of Budget Review; and Chief of Staff to the Senate President. Civic board/leadership positions include Anchorage Chamber of Commerce; Budget Advisory Commission; Small Business Development Center Advisory Board; American Society for Public Administration; and Alaska Council on Economic Education. Ms. Frasca holds a Master of Public Administration from University of Alaska Southeast, and a BA. in political science from California State University Hayward.

Matthew Cronin – LGL Alaska Research Associates, Inc.

Mark Dawson – Swalling Construction, Inc.

David Hudspeth – First National Bank

James Kenworthy – Alaska Science and Technology Foundation

Steven Rieger – S. Rieger & Co.

Kirk Wickersham – Attorney at Law

**RESEARCH AND DEVELOPMENT AND SUPPORT SERVICES:**

(ASMI, ATMC, ASTF, Alaska Aerospace Development Corp.)

**Co-chair:** Mary Ann Pease – Aurora Power Resources, Inc.

Vice President of Aurora Power Resources, Inc., and is the former Finance Director for Municipal Light and Power. She has a master's degree in finance from the University of Bridgeport, Connecticut. She is on the board of directors for Alaska Children's Services and is on the Anchorage Chamber of Commerce Municipal Committee.

**Co-chair:** Tim Wiepking – Cardiff Wireless Communications

Operations Manager for Cardiff Wireless Communications. He has a BS degree in Business Administration from the University of Colorado in Boulder and is currently working toward his MBA degree from the University of Alaska, Anchorage. His past employment includes operating his own business and Budget and Policy Analyst for the Municipality of Anchorage.

John Hoyt – Brigadier General (retired)

Dave Kester – Ribelin Lowell & Co.

Gene O'Hara – Providence Alaska Medical Center

Jerry Strang – Remax Properties

**LOANS AND INVESTMENTS:**

(AIDEA, AHFC, APFC, Alaska Fish & Agriculture Bank, Municipal Bond Bank, Alaska Student Loan Corp.)

**Chair:** Phoebe Wood – ARCO Alaska, Inc.

Vice President of Finance, Planning and Control for ARCO Alaska, Inc. Responsibilities include ARCO Alaska's information systems, materials, purchasing, contracting, planning, evaluation, accounting and financial analysis. Ms. Wood has been Vice President for Business Development at Vastar Resources, Inc., Vice President of Finance, Planning and Control at ARCO British Ltd., Planning and Evaluation Manager for ARCO International Oil and Gas Company, and Manager of Corporate Finance at ARCO Corporate. She currently serves on the Board of Trustees of Alaska Pacific University, and on the Executive Committee of the Boys and Girls Clubs of Greater Anchorage. Ms. Wood is a graduate of Smith College and holds a MBA degree from UCLA.

Richard Barnes – Enstar Natural Gas Co.

Carla Beam – BP Exploration (Alaska), Inc.

Joe Griffith – Chugach Electric Association

Max Hodel – Commonwealth North Founding Member

Jo Li Sellin – National Bank of Alaska

Mead Treadwell – Institute of the North

**AVAILABLE FOR DEVELOPEMENT AND REAL ESTATE:**

(Division of Land, Mental Health Trust, U of A lands, DOT public facilities, Pioneer Homes, Alaska Psychiatric Hospital)

**Chair:** Patricia DeMarco, Ph.D. – AEDC

President of Anchorage Economic Development Corporation. A graduate of University of Pittsburgh with degrees in the field of genetics. She spent seven years conducting biochemical research at Yale University and Boston University Medical Center prior to entering the field of energy and environmental policy analysis. She served as Executive Director of the Power Facilities Siting Council and as Senior Rates Specialist to the Department of Public Utility Control for Connecticut. Dr. DeMarco operated a consulting firm for four years, and in 1989 joined the Connecticut Municipal Electric Energy Cooperative as Senior Policy Advisor, where she was instrumental in founding the technology transfer company, TECHCONN, Inc. Dr. DeMarco is a member of the Anchorage Downtown Rotary and the Log Cabin Quilters.

Don Dietz – Port of Anchorage

Mano Frey – Alaska State AFL-CIO

Gov. Walter J. Hickel – Hickel Investment Co.

Lana Johnson – Northwest Strategies

**TRANSPORTATION:**

(AKRR, Marine Highway, International Airports, State airports, harbors and ports)

**Chair:** John Copeland – Elmendorf Air Force Base

Chief Information Officer for the 611<sup>th</sup> Air Support Squadron and Federal Mediator and counselor for the 3<sup>rd</sup> Wing at Elmendorf. Previous positions have included remote radar sites at Shemya Island for the 5099<sup>th</sup> Civil Engineer Squadron, the Alaska Railroad, IBM Corporation, and the United States Air Force at Elmendorf Hospital.

Wiley Brooks – Wiley Brooks Co.

Milton Byrd – Charter College

Darrell Chambers – ARCO Alaska (former Hartig Fellow)

Joseph Henri – Southcentral Timber Development, U of A Regent

Loren Lounsbury – International Management Group

April 9, 1999

The Honorable Senator, John Torgerson, Co-Chair, Senate Finance Committee  
The Honorable Senator, Sean Parnell, Co-Chair, Senate Finance Committee  
The Alaska State Senate

Juneau, Alaska 99801

Subject: Senate Bill No. 113

Dear Sirs:

Thank you for the opportunity to respond to Senate Bill No. 113 more completely than we were originally able to at the Senate Finance hearing held the evening of March 31, 1999. This additional time has been especially helpful as it has provided the Alaska Housing Finance Corporation Board of Directors the opportunity to meet and discuss the Bill together and submit to you now a response formally considered and adopted by the Board.

AHFC has been extremely successful. It is critical to the diverse housing industry in the State of Alaska. Its financial success has provided dividends to the State, assisted with financing state capital projects and acquisitions of assets, and support for improved bond ratings.

AHFC has dedicated itself to continued improvement of its programs — both to the program participant and to those with whom the Corporation partners in providing its services or products. In addition, the Corporation has become much more sensitive and responsive to the interests and concerns of trade and constituency groups, realizing in the process the wealth of information and experience which resides outside the Corporation's doors. As a result of these efforts, AHFC's programs are being increasingly accessed by residents throughout Alaska.

The Corporation is extremely pleased with the success of its programs, the encouragement expressed by program participants and constituent groups, the strength and experience of its seasoned management team, the soundness of its financial condition and performance, the appreciation and support so frequently expressed by the Governor, and the positive working relationship with Alaska legislators. Perhaps it is because of this overwhelmingly positive backdrop that the appearance of Senate Bill No. 113 has caused so much public testimony in support of the Corporation.

For reasons detailed in the Summary and Response, implementation of the Bill would in all likelihood be detrimental to the Corporation from issuing any further debt. AHFC would not be able to execute the various financial transactions necessary to operate its various programs. The



"HOUSING FOR ALL ALASKANS"



logistics of approvals would be difficult, and the concerns of investors regarding the likelihood of repayment very great. The Corporation's most precious asset, its ability to leverage resources to provide consistent and cost-effective funding for its variety of programs, would be impaired.

A review of other State Housing Finance Agencies performed on behalf of the Corporation revealed that the type and degree of legislative oversight and control provided by the Bill would exceed that of any other State. Such extensive oversight and control regarding the issuance of debt, appropriation of funds (even for purposes of paying debt service on outstanding debt obligations), and approval of budgets, is without precedent among housing agencies.

The Alaska Housing Finance Corporation suggests that a much more compelling case can be made for eliminating many of the already existing statutory provisions imposing legislative oversight or control over AHFC. Having agreed on basic overall objectives, the Corporation should be given great freedom in pursuing those objectives. The primary oversight and control would be in the form of a review and report on the Corporation's success in meeting those objectives. The Executive Budget Act is no doubt very helpful in controlling typical state departmental operations. It was not designed, however, as a tool to manage an enterprise fund such as the Corporation where accounting, financial reporting, and management control should be consistent with that more typically found in for-profit enterprises where services and/or products are provided on a fee basis.

The legislature has worked hard to make AHFC a respected and strong asset of Alaska. AHFC, in return, has provided the State with dividends and other transfers for the general state budget, the resources for building capital projects and the means to acquire state assets. This mutual cooperation has been appreciated and contributed to the financial strength advocated by the legislature.

Again, thank you for the opportunity to respond to Senate Bill 113 introduced by your Committee.

Sincerely,



Jewel Jones  
Chair

**Alaska Housing Finance Corporation**  
**Resolution No. 99- 31**

*Resolution Authorizing a Summary of and Response to Senate Bill No. 113 Introduced on March 19, 1999 by the Senate Finance Committee.*

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BE IT RESOLVED by the Board of Directors of the Alaska Housing Finance Corporation as follows:

I. Findings:

(a) The Senate Finance Committee introduced on March 19, 1999 Senate Bill No. 113, "An Act making activities of the Alaska Housing Finance Corporation subject to the Executive Budget Act, relating to appropriations to the Alaska Housing Finance Corporation; relating to bonds and bond anticipation notes issued by the Alaska Housing Finance Corporation; and providing for an effective date" (the Bill); and

(b) The Board of Directors of the Alaska Housing Finance Corporation (the Board) has reviewed the Bill and has found it to be not in the best interest of the people of the State of Alaska.

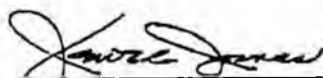
II. Conclusion:

Pursuant to the foregoing findings, the Board of Directors urges the Legislature not to take action on the Bill and authorizes the Chair and the staff to prepare a Summary of and Response to the Bill (the Summary) and distribute it to the Senate Finance Committee.

III. Effective Date:

This resolution shall take effect immediately.

DATED THIS 8th day of April, 1999.

  
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Jewel Jones  
Board Chair

Sb113res/mkc

## Alaska Housing Finance Corporation

Summary of and Response to:

**SENATE BILL NO. 113**  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-FIRST LEGISLATURE — FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/19/99  
Referred: Finance

A BILL  
FOR AN ACT ENTITLED

**“An Act making activities of the Alaska Housing Finance Corporation subject to the Executive Budget Act, relating to appropriations to the Alaska Housing Finance Corporation; relating to bonds and bond anticipation notes issued by the Alaska Housing Finance Corporation; and providing for an effective date.”**

**General Responses:**

1. AHFC has substantial resources. One of its most significant and often underappreciated, is its ability to access capital markets. This ability to leverage its financial resources is available to the Corporation on a structured basis through the issuance of “revenue bonds” and on a general credit basis through the issuance of “general obligation bonds.”
2. The financial leverage through revenue bonds is enhanced when the issuer is particularly strong financially. This leveraging can, however, be done by an issuer without substantial equity. The fewer resources the issuer has, the higher the level and cost of additional third-party credit enhancement, which results in a greater cost of funds passed on to the borrowers.
3. The financial leverage through the issuance of general obligation bonds which are not secured by a separate portfolio of cash-producing investments, is possible only with financially strong issuers with substantial financial resources, a consistent history of solid earnings, and a seasoned and financially astute management team.
4. SB113 would impose the Corporation to an extreme degree of legislative oversight and control. It is difficult to envision the role and responsibilities of a Board of Directors post implementation of the changes called for in SB113.
5. Supplanting Board control and oversight with that of the Alaska Legislature would be viewed negatively by the rating agencies, investors, and other capital market participants upon whom the Corporation relies to leverage its resources. Investors and others involved in extending credit to the Corporation trust that its Board will make sound

decisions regarding the application of its resources to meet program requirements and the terms of existing and future financial obligations. They would be generally unwilling to extend this same level of trust to a large, diverse, legislative body which necessarily has less knowledge regarding the detailed programs and financial responsibilities of the Corporation.

6. The radical changes incorporated in SB113 would be difficult to explain to capital market participants. The extensive history of financial assistance provided by the Corporation to the State, culminating with SB360 and the Corporation's issuance of general obligation bonds to fund state capital projects, has been interpreted by those outside the Corporation as a clear demonstration of positive relations between AHFC and the Legislature. The tone of SB113 is totally opposite this perception. The appearance of SB113 so soon after the Corporation's first issuance of State Capital Project Bonds issued on behalf of the State will be seen as a violation of the agreement understood to be in place when SB360 became law and was adopted by the AHFC Board of Directors. It is interesting to note that the State Capital Project Bonds, 1999 Series A Bonds were included in *Governing's* "Deals of the Year" (March, 1999).
7. Implementation of SB113 would make it much more difficult for a holder of AHFC debt to know what of the Corporation's resources could be counted on being available to the Corporation for it to meet its financial obligations. The Corporation's debt obligations could be stigmatized with an additional rate penalty imposed for the unknown. Alternatively, investors may simply refuse to purchase AHFC bonds.
8. The uncertainty referenced in General Response #7 would prevent the Corporation from issuing any additional debt based solely upon its general obligation. In addition to the recently implemented financing program for State Capital Projects, virtually all of the Corporation's multi-family loans are financed with the proceeds of bonds the primary support for which is AHFC's general obligation pledge.
9. The emphasis of the Corporation over the last several years has been to maximize its net income. This emphasis was felt appropriate as it is much easier for the capital markets to accept transfers to the State and funding of programs which provide no return back to the Corporation if the amount committed to these activities does not exceed the Corporation's net income. By limiting these amounts to net income, the Corporation is able to demonstrate that its financial health has not deteriorated. The movement of control and oversight from the AHFC Board to the Alaska Legislature will make it more difficult for the Corporation to maximize earnings opportunities and achieve cost reductions. As a consequence, the Corporation will be less able to provide financial assistance to the State and continue funding of its programs directed to those who need assistance the most.
10. The Executive Budget Act already applies to AHFC to a large extent. While the current review procedures for the corporation's operating budget, capital budget, aggregate mortgage loan activity for both subsidized and non-subsidized loans, and a variety of other reporting and control mechanisms are included in the Corporations authorizing

statutes, these controls largely exceed requirements by other states toward their housing authorities. For example, an Enterprise Fund accounts for operations where services or products are provided on a fee basis in a manner similar to a typical private business enterprise. AHFC is accounted for within the State's financial statements as an Enterprise Fund, and should possess flexibility to increase revenues, cut costs, and provide innovative and cost-effective programs.

11. The Corporation has developed a reputation for sound management of its financial affairs and innovativeness in its approach to program development and accessing of capital markets. It has been widely recognized for bringing about programs meeting the specific needs of targeted Alaska residents with financing structures supportive of the program objectives and at the lowest rates and costs. The decreased efficiency and reduced flexibility of market timing which will result from SB113 will substantially diminish and possibly totally eliminate AHFC's ability to develop customized programs and innovative financing structures. The initial effect will be decreased applicability of the Corporation's programs and higher interest rates to the borrowers. The ultimate effect of the inability to respond timely to changing program demands and financing structures will likely be the elimination of even the most basic of the Corporation's lending programs.

**Sectional Summary and Response:**

\*Sec. 1. AS 18.55.140 is amended to read:

**Sec. 18.55.140. Issuance of bonds, notes and refunding bonds.** The corporation may issue bonds and notes from time to time [IN ITS DISCRETION] for a purpose authorized by this chapter and may issue refunding bonds for the purpose of paying or retiring bonds previously issued under this chapter. **However, the corporation may only issue bonds, refunding bonds, and bond anticipation notes after the issuance has been approved by law.**

**Response:**

1. This section requires approval by law for bonds and bond anticipation notes issued for old Alaska State Housing Authority (ASHA, merged with AHFC in 1992) public building projects. This section is not needed because AS 18.55.100(d) already requires approval by law of bonds for public building projects.

\*Sec. 2. AS 18.55.240 is amended to read:

**Sec. 18.55.240. Power of corporation to obtain federal aid and cooperation.** The corporation may borrow, accept contributions, grants, or other financial assistance from the federal government in aid of any housing or public building project and for this purpose may comply with conditions and enter into the mortgages, trust indentures, leases, or agreements that are necessary, convenient, or desirable in order to obtain financial aid or cooperation from the federal government in the undertaking, construction, maintenance, or operation of a housing or public building project authorized by AS

18.555.100 — 18.55.290. **Every expenditure of federal funds by the corporation is subject to appropriation.**

**Response:**

1. This section is unnecessary. All federal dollars received under this section are already appropriated under the Executive Budget Act (AS 18.45 089(a)).

\*Sec. 3. AS 18.55.370 is amended to read:

**Section 18.55.370. Use of money.** Money appropriated [OR MADE AVAILABLE] under AS 18.55.300 — 18.55.470 may be used by the corporation to make

(1) character loans, not exceeding \$500 for each dwelling, to residents or cooperatives for the improvement, conversion, or construction of dwellings in remote areas for occupancy by the residents or members of the cooperatives.

(2) loans for moderate-cost or rental housing facilities and projects to public agencies, or private nonprofit or limited dividend corporations, or private corporations or cooperatives organized under AS 10.15.005 — 10.15.660 that are regulated or restricted by the corporation until the termination of all loan obligations to it as to rents or sales, charges, capital structure, rate or return, and methods of operation to the extent and in the manner that provides reasonable rentals to tenants and a reasonable return on the investment; loans to cooperatives may be made for up to 95 percent of the appraised value of the housing facility.

**Response:**

1. This section applies to the Corporation's low income rental housing program and requires that money be appropriated for the program.

\*Sec. 4. AS 18.55.520 is amended to read:

**Sec. 18.55.520. Powers of the corporation.** In addition to all powers previously vested in or granted to the corporation by any other law, the corporation has all the powers necessary or convenient to carry out and effectuate the purposes and provisions of AS 18.55.480 — 18.55.960, including the following powers:

(1) ...

(2) ... to agree to the conditions that it considers reasonable and appropriate that are attached to federal financial assistance and imposed **under** [PURSUANT TO] federal law ...

(3) within its area of operation,

(A) ... (E) ...

(F) to borrow money and issue bonds **that have been approved by law for issuance** and provide security for loans or bonds;

(G) ... (H) ...

(4) ...

(5) ... notwithstanding the provisions of any other law, the corporation may include in a contract for financial assistance with the federal government for a redevelopment project those conditions imposed under [PURSUANT TO] federal law ...

(6) ... (8) ...

(9) to make expenditures that are necessary to carry out the purposes of AS 18.55.480 — 18.55.960, and, subject to appropriation, to make expenditures from money obtained from the federal government and the state [, WITHOUT REGARD TO ANY OTHER LAWS PERTAINING TO THE MAKING AND APPROVAL OF APPROPRIATIONS AND EXPENDITURES];

(10) ...

(11) ... (A) ... to demolish and remove any structures on the property [,] and pay all costs related to the acquisition ... (B) ...

(12) ...

**Response:**

1. This change requires that bonds approved under AS 18.55 (old Alaska State Housing Authority) Slum Clearance and Redevelopment powers must be approved by law. This is currently an inactive statute of the Corporation.

**\*Sec. 5.** AS 18.55.570(a) is amended to read:

(a) The corporation may

(1) issue bonds that have been approved for issuance by law and notes [FROM TIME TO TIME] for any of the purposes of AS 18.55.480 — 18.55.960, including the payment of principal and interest upon advances for surveys and plans for redevelopment projects;

(2) issue refunding bonds that have been approved for issuance by law for the purpose of the payment or retirement or in exchange for bonds previously issued by it;

(3) ... (4) ...

**Response:**

1. As with Sections 4 and 6, this deals with the Slum Clearance and Redevelopment powers and is currently an inactive statute of the Corporation.

**\*Sec. 6.** AS 18.55.700(a) is amended to read:

(a) The corporation has all the powers necessary or convenient to undertake and carry out urban renewal plans and urban renewal projects, including the power to acquire and dispose of property, to issue bonds that have been approved for issuance by law and other obligations, to borrow and accept grants from the federal government or other source and, subject to appropriation, make expenditures from federal funds, and to exercise the other powers granted to it by AS 18.55.480 — 18.55.960 with respect to

redevelopment projects.

**Response:**

1. As with Sections 4 and 5, this deals with the Slum Clearance and Redevelopment powers and is an inactive statute of the Corporation.

\*Sec. 7. AS 18.55.998(a) is amended to read:

(a) There is created in the Alaska Housing Finance Corporation a supplemental housing development grant fund. Using corporate earnings or other available funds, **in accordance with an appropriation for the purpose**, the corporation shall make on-site sewer and water facilities, road construction to project sites, energy efficient design features in homes, and extension of electrical distribution facilities to individual residences.

**Response:**

1. This section refers to appropriation authority for the supplemental housing development grant fund. These grants are already subject to appropriation under the Corporation's capital budget (AS 18.56.089(a)).

\*Sec. 8. AS 18.56.082 is amended to read:

**Sec. 18.56.082. Alaska housing finance revolving fund.** The Alaska housing finance revolving fund is established in the corporation. The [REVOLVING] fund consists of appropriations made to **it. Income of the fund and** [THE REVOLVING FUND BY THE LEGISLATURE,] money or other assets **received** [TRANSFERRED TO THE REVOLVING FUND] by the corporation, **including** [AND] unrestricted repayments of principal on loans made or purchased by the **corporation, shall be separately accounted for and may be appropriated to the fund.** Amounts deposited in the [REVOLVING] fund shall be expended for the purposes of the corporation, set out in this chapter.

**Response:**

1. In order for the Corporation to carry out its mission and maintain its relationship with investors and constituencies, the proposed changes to this section should be deleted. This change would require appropriation of mortgage loan payments currently pledged to bonds as well as mortgage loan payments which may be hereafter pledged. As to existing pledges, this section would be unconstitutional. As to future pledges, the legislative appropriation requirement would bring the uncertainty of the appropriation process into what is now fixed as a matter of contract between the Corporation and its bondholders.
2. The General Account of the Revolving Fund is used by the Corporation to account for all activities not subject to specific restriction by statute or the terms of financing agreements. It is used as the Corporation's "working capital" account. As such, the majority of all financial transactions flow through this account. The Bill calls into question whether any amounts received into this account can continue to be considered an

asset of the Corporation.

Where in other cases, the investors have had to be concerned whether the State would appropriate resources away from the Corporation, here the risk is that absent specific legislative appropriation of earnings and collections on AHFC's own assets back into the Revolving Fund, such amounts will automatically revert to the State. It creates so much uncertainty regarding the earnings and collections on AHFC's assets that it is entirely possible we will be unable to continue to claim the assets reflected in the Corporation's financial statements as ours.

\*Sec. 9. AS 18.56.084 is amended to read:

**Sec. 18.56.084. International borrowing.** For the purpose of obtaining access to international capital markets to borrow money for the special mortgage loan purchase program under AS 18.56.098, as an addition to the powers of the corporation under AS 18.56.0900, the corporation may (1) ... (2) ... (3) issue bonds **that have been approved for issuance by law** and borrow money for investments in corporations established under this section; (4) ...

**Response:**

1. This section was originally enacted to facilitate international borrowing when international borrowing through a foreign subsidiary was necessary under tax law. Since tax law has changed, this section of the statute is defunct.

\*Sec. 10. AS 18.56.089(a) is amended to read:

(a) The provisions of AS 37.07 (Executive Budget Act)

[(1)] apply to

[(A)] **the operating budget of the corporation and to all activities of the corporation under AS 18.55 and this chapter** ; (B) ... (F) ... (2) ... (A) ... (C) ...]

**Response:**

1. As stated in the response to Section 8, the Corporation feels that these proposed changes would have an adverse effect on fulfilling its mission and therefore should be deleted. This change would subject all the activities of the Corporation to the Executive Budget Act. This would include amounts pledged to the payment of debt service. These amounts have previously been excepted from the appropriation powers. An appropriation requirement for amounts contractually pledged to existing bonds would be unconstitutional. Any appropriation requirement for future debt service would cause an immediate downgrade of the Corporation's bonds and substantially increase the cost of debt service.

\*Sec. 11. AS 18.56.110(a) is amended to read:

(a) The corporation, by resolution, may issue bonds and bond anticipation notes **after the issuance has been approved by law** in order to provide funds to carry out and effectuate

its purposes.

**Response:**

1. As with Sections 8 and 10, this section should be deleted. The Corporation typically issues bonds in large amounts to finance its programs. This section would require submission to the legislature of proposed bond issues with specific amounts, terms, maturities and redemption provisions. This approval process could not accommodate a reasonable bonding program because of the delays and uncertainties inherent in the legislative process. Among other things, this could have a very negative impact on the Corporation's ability to offer competitive and current mortgage rates on its mortgage loans.
2. The Bill would require all debt issued by the Corporation to be specifically approved by law. The level of detail required to be approved is unspecified. To issue bonds, the Corporation must provide an opinion of bond counsel that, among other things, all legal requirements for the issuance of the debt have been met. Lacking specificity as to the financing provisions, bond counsel will likely be required to have a great amount of the detailed financing structure incorporated in the approving legislation. There will be a significant period of time between the obtainment of the detailed legislative approval for the issue and the actual marketing of the debt. During this period, the market can have changed dramatically. The Corporation would lack the flexibility to adjust the structure of the debt issuance to best meet the demands and desires of the current market. This will increase the overall cost of funds and a decrease AHFC's ability to tailor the transaction to the needs of the program participants.

**\*Sec. 12.** AS 18.56.430(a) is amended to read:

(a) There is created in the corporation the home ownership assistance fund consisting of money appropriated to it by the legislature and deposited in it by the corporation.

**Subject to appropriation,** money [MONEY] in the fund shall be used solely to assist persons of lower and moderate income to purchase or construct single-family homes financed under AS 18.56.400 — 18.56.600 by providing a subsidy to those persons.

**Response:**

1. This change would require amounts to be appropriated to be expended from the home ownership assistance fund. This section is unnecessary. Currently the Corporation is subject to the Executive Budget Act and the requirement of appropriation generally. The exceptions are that appropriations are not necessary respecting activities in the exercise of its borrowing function, repayment of its debts, its ability to refinance existing mortgage loans, and are attributable to the servicing of loans. All other Corporation activities are required to be by appropriation.

**\*Sec. 13.** AS 18.56.710(a) is amended to read:

(a) The senior housing revolving fund is established. The revolving fund consists of appropriations made to it by the legislature, the proceeds of bonds sold under AS

18.56.790, repayments of principal and interest on loans made or purchased from assets of the fund, and money or other assets transferred to the revolving fund by the corporation. **Subject to appropriation**, the [THE] corporation may

(1) pledge amounts deposited in the revolving fund for bonds issued under AS 18.56.790;

(2) use amounts deposited in the fund for making, purchasing, or participating in

(A) senior housing mortgage loans;

(B) loans made for building materials for senior housing;

(C) loans made for renovation or improvement of congregate or individual residences; and

(D) loans made for the construction of senior housing.

**Response:**

1. This change, requiring an appropriation for the pledging of amounts deposited in the senior housing revolving fund for bonds and for the use of amounts in the fund is undesirable for the reasons stated in the response to Section 8.

\*Sec. 14. AS 18.56.790(a) is amended to read:

(A) Under the procedures of this chapter, the corporation may issue bonds in a total amount not exceeding \$30,000,000 to fund senior housing loans made under AS 18.56.700 — 18.56.799. Each separate bond issue under this subsection is subject to approval by law.

**Response:**

1. This proposed change requires separate approval by legislative enactment for senior housing bonds and is subject to the same objection detailed in Response #1 to Section 11.

\*Sec. 15. This Act takes effect July 1, 1999.

# IHH Industries, Inc.

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2450 Industrial Blvd. No. C, Juneau, Alaska 99801, 907-790-6520 tel, 907-790-6500 fax

April 6, 1999

Senator John Torgerson  
State Capitol  
Juneau, AK 99801-1152

Dear Senator Torgerson:

I recently received information on SB 113 and it's potential impact upon the Alaska Housing Finance Corporation. As a builder, naturally, I am very concerned as to how this bill might impact my business. Many of the housing products my company develops are targeted towards those people who qualify as AHFC first-time homebuyers.

IHH entered this area of the market because we saw a glaring need in Alaska for the creation of affordable housing opportunities. Although there are a number of factors that have a direct impact upon our ability to make housing affordable to Alaskans, one of the most critical is the ability of the AHFC to make low-interest loans to homebuyers. I firmly believe that SB 113 will severely impact the AHFC's ability to provide the favorable loan packages needed to make these types of loans a reality for many of the buyers needing assistance.

To give you a good example of what the AHFC's loan programs mean to housing affordability let me illustrate a recent sale we made on one of our Park Place Townhouses here in Juneau. A young couple with a one-year old child came to us to purchase a new home at Park Place. Obviously, they were not well off, but they wanted to realize their dream of having their own home instead of throwing their money away on rent. Their income would not support the purchase of a home in Juneau without the help of a variety of lending programs administered by AHFC. At the time, AHFC interest rates for a first-time homebuyer loan were at 6.375% while conventional loan rates were above 7%. They saved an additional one percent in interest because of the AHFC's Energy Efficiency Interest Rate Reduction program, bringing their rate down to 5.375%.

Unfortunately, this still would not have been low enough for them, as their annual income for a family of three was below 60% of the Juneau median. In other words, they made less than \$35,220 a year. However, because of the AHFC's Interest Rate Reduction for Low Income Borrowers program, they were able to get an additional 2 points taken off of their interest rate. This brought them down to a rate of 3.375%, which allowed them to meet the debt to income ratio requirements necessary to realize their dream.

If they had to get a loan at a rate of 6.75% on a \$156,500 home their payments would have been in excess of \$1,226 a month. It would be safe to say that they would be renting right now if it weren't for the AHFC's programs. Instead they are making payments of approximately \$950 a month and are living in their own home. The primary reason that they could afford a home is due to the AHFC's ability to provide a low-interest loan to them. And the reason the AHFC can do this is because they have the flexibility they need to issue bonds when market conditions are favorable – not political conditions. This will directly impact the interest rates and programs that the AHFC can offer to families like the one described above. These families will effectively have the door closed on their dreams.

If this occurs, private-sector companies like IHH will have to restructure their marketing and construction programs – and ultimately abandon the idea of creating affordable housing for moderate- and low-income families. There are already too few opportunities for honest hard-

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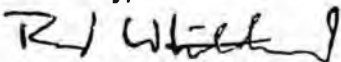
*IHH Industries, Inc.  
Building a Better World*

working people to get a hand up. At this time, there are less than 10 single family or zero-lot homes on the Juneau market that would qualify for the AHFC first-time homebuyer program, excluding IHH's current offerings. Many of those units are in extremely poor shape. Of the 11 units IHH has slated to build before the end of September, all have been sold. Overall, 15 of the 19 units being built at Park Place have been sold to first-time homebuyers using AHFC programs. Four of those families are single parents with children. In addition, we have a waiting list of first-time homebuyers who want the opportunity to purchase a home from IHH if we continue to build this type of housing.

Unfortunately, we may have to abandon this market because our profits are based upon volume production instead of standard contractor profit margins. In the event that SB 113 passes, the market for first-time homebuyers will shrink drastically. IHH, and other companies, will no longer be able to produce and sell the number of housing units necessary to make this type of development possible.

We would greatly appreciate your help in getting this disastrous bill killed. We have worked very hard to bring our costs down and make a quality housing product that is affordable to our state's demographically young population. Unfortunately, we can't do it alone. We need your help to protect the AHFC's programs. Thank you for your assistance in this important matter. If you have any questions, please don't hesitate to call me.

Sincerely,



Rod Whitehead, President  
IHH Industries, Inc.

# **National Bank of Alaska**



April 3, 1999

Corporate Headquarters  
P O Box 100600  
Anchorage AK 99510-0600  
Phone (907) 522-8888

Senator John Torgerson  
Senate Finance Committee  
Room 515  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Subject: SB113/Alaska Housing Finance

Dear Senator Torgerson,

I previously wrote a short letter to you on our concern of SB113. I don't believe we have ever met so to give you a little background I have been in banking for over 30 years in Alaska and specialize in project development, commercial real estate, construction, and multi-family housing development. I have traveled extensively throughout our State. I am also a board member of the Federal Home Loan Bank of Seattle (\$36 billion in assets) which deals in housing throughout the Northwest. I sit on the Housing Committee and Indian Housing Subcommittee of this organization. My views are consistent with those of management of NBA.

I have been personally involved with AHFC for many years and have attended many board meetings. I recently participated in the development of a multi-family housing program to meet the financing needs throughout the State. Previously, there existed only loan programs for rural and special needs housing. This program was an extremely important development as there existed no consistent multi-family housing loan funds for the State. NONE! As a result there were no funds for construction, remodeling, acquisition, and no healthy market for these properties. There was no motivation to maintain or improve properties because there was no way to sell them and get your investment out. Freddie Mac and Fannie Mae, who are the largest financiers of multi-family properties will not underwrite in this State for three primary reasons: they took losses in the 80's, there is no other financing sources (no market), and the quality of the housing stock is substandard in their eyes. AHFC has made a major change in this situation to the benefit of renters, owners, and municipal taxing authorities. I believe a sound AHFC will facilitate the improvement of the rental housing stock and the quality of life of those who reside in those units.

The situation for single family housing is a little different, but not much. I would estimate that NBA services close to 50% of the home loans in the State in the amount of \$2.55 billion. Of that 48% is AHFC, 23% is Fannie Mae, 1% Freddie Mac, 22% GNMA (HUD insured), and 6% misc. If AHFC is unable to participate effectively in the future it is **unlikely we will be able to meet the housing needs of the people of Alaska**. Furthermore, I would suspect that many of the smaller originators of loans would get out of the business so that there will be less providers of mortgage services in the State. It should be obvious with the retreat of Bank of America from the State that we are not considered a premium market to provide financial services. Also, others are leaving too such as General Electric Finance just closed their doors. The remaining financial institutions do not have the ability to provide long term mortgages at the rates or terms that AHFC has been able to pass on due to its financial strength and reputation in the financial markets. The only way we can provide home mortgages is to attract capital from outside the State and like the multi-family industry, they will not come if they do not see stable market conditions.

It seems that every year AHFC comes under an attack from the legislature. We thought that the dividend program would put that behind us. Taking \$100 million per year (100% of income) seems substantial and at some point would balance the equity requirements. If AHFC's profits increase you could adjust the dividend, however, it is not bad that AHFC makes money. We do not consider them a competitor, but a partner in developing sound housing. We have a long way to go to bring our housing standards to those in other parts of the country. Frankly, we believe that AHFC should run as an independent agency and focus on its housing mission. We are disturbed that it is being saddled with bond issues for office buildings, maintenance of government buildings, etc. If the State wants to do those things they should use the dividends or go to the bond market itself. The problem is, now that someone opened the door others think that it is available for any old political project. Fannie Mae, Freddie Mac, and the Federal Home Loan Bank are all GSA's (government service agencies) that provide housing finance programs. Congress monitors us for compliance with our **mission** and other auditing standards. I haven't heard anyone say to cut back on housing opportunities for Americans or to take capital out of these organizations to pay for general government operations.

As for the bill itself, it will be devastating. As written it is unlikely they will be able to issue any bonds. Certainly they will not be able to operate effectively. Federal HOME funds will cease, and likely the real estate industry will go into a tail spin like it did in the middle 1980's. We think it would have a larger effect on business than the merger of Arco and BP or for that matter the merging of Carrs and Safeway. Housing has the largest multiplier effect of any industry. For instance, when we financed the senior housing project in Nome last year, the contractor and architect came from Juneau, most of the supplies were purchased from Alaskan businesses, all of the workers were Alaskan, and barge and airline

businesses were used. To emphasize the complexity of developing rental housing in much of Alaska this project required the combined loan and grant efforts of the Federal Home Loan Bank of Seattle, the Rural Economic Development of the Department of Agriculture, HOME funds, Senior funds from the State, federal tax credits, AHFC and the NBA

As to the comment that the bill is the result of the Commonwealth North study, I have read the report and not find any suggestion that this type of legislation occur. We have talked to the co-chair who was dismayed by this suggestion and other committee members in no way contemplated something like SB 113.

As to the effect on your district I suspect this legislation will have more of an impact than Anchorage. Anchorage will attract institutional investors at some point but it is very difficult to get lenders such as Fannie Mae to lend in Seward, Kasilof, Soldatna, or Homer. Let alone, provide first time home buyer, low income, multi-family, special needs, or conventional mortgages. It wasn't too many years ago that we relied on Farmers Home and its budget fluctuates.

In summary, we think this bill could have catastrophic economic effects on our State. Providing this kind of pain to the public is not necessary. Especially, considering the other confidence shaking economic events that are underway. Please feel free to call me at 265-2991 at any time.

Sincerely yours,

A handwritten signature in cursive script that reads "Jan Sieberts".

Jan Sieberts  
Senior Vice President

# GREAT LAND REALTY

105 Adak Avenue Fairbanks, AK 99701 PH: (907)452-5186 FX: (907)456-1481

To \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

From Heather Ferguson

Date 4/8/99

Number of pages (including this cover): 1

Please kill SB 113

ATFC has a multiplier impact to the  
real estate community by providing  
a stable housing environment for  
Alaskans to buy homes which  
benefits us all.

Heather Ferguson  
Sales Associate  
in Fairbanks Alaska

**COLDWELL  
BANKER**

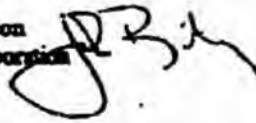
Information Hotline-24 hr Access to our Properties (907) 474-4338

**LEGISLATION ALERT!**

March 23, 1999

**TO:** Interested Individuals & Organizations

**FROM:** John Bitney, Legislative Liaison  
Alaska Housing Finance Corporation  
(907) 330-8445



**SUBJECT:** Legislation (SB 113) That Severely Impacts AHFC

On Friday, March 19, the Senate Finance Committee sponsored SB 113. Senior management at AHFC (including myself) believes this bill will severely and negatively impact AHFC's ability to perform its core-business function - issuing bonds to purchase home mortgages.

To summarize, SB 113 would establish the following:

- AHFC would be required to obtain legislative approval by law for every bond issuance, including refunding bonds to take advantage of lower interest rates.
- All home mortgage payments would have to be separately accounted and be appropriated to AHFC by the legislature.
- Every activity of AHFC would be subject to approval by the legislature.

Again, in summary, these are just a few of the reasons the bill will hurt AHFC:

- Mandatory legislative approval for AHFC to issue any bonds will limit our ability to make the most of bond market opportunities. Adding another layer of review in addition to AHFC's Board of Directors would delay the responses to favorable market conditions such as lower interest rates, strong demand for bond purchasing, or tax deductibility. For example, if interest rates went down during the summer, AHFC would have to wait until the next session started in January to try to get a bill passed to issue bonds.
- AHFC would be required to receive annual legislative appropriations to make bond payments. Investors who purchase AHFC bonds will demand higher interest rates that equate to the higher risk associated with legislative approval necessary for repayment of bonds. These higher interest rates will have to be reflected in AHFC mortgage rates.
- With \$100 million in bonds left to issue for state capital projects under SB 360 from last session, SB 113 could destroy our ability to sell these bonds based on investor disappointment that the seven-year agreement contained in SB 360 did not last longer than nine months.

The legislature already approves AHFC's operating and capital budgets. This process is working fine. The current public process for issuing bonds by approval of the AHFC Board of Directors is key to capital market participants who trust the Board will act prudently and diligently with regard to AHFC programs and financial resources. We see nothing to be gained and the potential for very serious harm if the legislature expands its authority to micro-manage AHFC.

If SB 113 passes, AHFC will not be able to offer mortgage programs, financing opportunities, or net income returns that are currently enjoyed by the State of Alaska and the housing industry.

SB 113 is currently waiting for a hearing in the Senate Finance Committee.

Post-Net Fax No. 3	7877	Date	3/30/99
To	Kerry Vager	From	Annie
On/Off		On	
Phone #	Please call my home	Page #	1
Fax #	people		



Michael J. Burns  
District President

KeyBank  
P.O. Box 100420  
Anchorage, AK 99510

Tel 907-564-0250  
Fax 907-563-1764

VIA FAX: (907) 465-4779

April 8, 1999

Senator John Torgerson  
Co-Chair  
Senate Finance Committee

Dear Senator Torgerson:

I am writing to express my opposition to SB113. I must confess that, not only am I opposed to this Bill, but I am quite honestly dismayed by its prospective impact.

As a well-scarred survivor of the recession of the late 1980's, the prospect of losing one of the most important players in that survival process is difficult to comprehend.

Facing the realities of the oil industry, be they consolidation, declining production, or low crude prices, will be a challenge for our economy.

I am confident that the State and the private sector have the financial strength and enough economic diversity to successfully meet these challenges. However, compounding that challenge by such a devastating blow to the real estate industry, such as this, would have serious economic repercussions.

Our customers in the industry (home builders, developers, mortgage bankers and brokers, and Realtors) are united in their opposition to this Bill.

I feel somewhat remiss in offering no alternatives or substitute language for this proposed Bill, but in all candor, it is so flawed that I find no merit in proposing any type of "fix." I also ask you to be mindful of the potential damage to AHFC's credit rating and reputation even the mere discussion of this Bill could have.

Thank you for your consideration.

Respectfully,

A handwritten signature in dark ink, appearing to read "Michael J. Burns", written over a light-colored background.

Michael J. Burns  
President

**Legislative Alert**

March 30, 1999

To: All Local Presidents and Executive Officers

From: Robin Ward, President  
Alaska State HomeBuilders Association

Re: SB 113

By now, you should have received the Legislative Alert from AHFC. This bill, introduced by Senate Finance, is being heard in Senate Finance Committee on March 31 at 6:00 P.M. and we need to have as many homebuilder members testify as possible. We all need to try and stop this bill in this committee!

Please ask your members to take the time to call their Senator, fix a letter, send a POM and testify at the hearing. I have requested that the Junction, Fairbanks, Anchorage, and other LIO's be opened upon request of local members.


3/30/99

Please call Legislative Information Office at 283-2030 or fax 283-3075. We need to get SB113 stopped! You may write or dictate a 50 word POM. We also need personal calls and faxes to go to our local legislators. Please.

Senator John Torgerson: 465-2828 / fax 465-4779  
Senator Jerry Ward 465-4940 / fax 465-3766

\* Internet addresses:

Senator FirstName LastName @legis.state.ak.us



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Senate Finance Committee Members  
State Capitol  
Juneau, Alaska

April 8, 1999

Dear Senator:

I am corresponding to urge you to kill SB 113. If SB 113 is made law, it will kill Alaska Housing Finance Corporation (AHFC), as we know it today and the resulting implications will be broadly felt throughout the housing industry in the State of Alaska. They do not need more controls, but must remain autonomous from the legislature to continue its mission of providing safe and affordable housing.

AHFC, being the only viable investor in the state keeps money in Alaska and attracts money to the state from outside investors.

AHFC has a multiplier impact to the real estate community by providing a stable housing environment for Alaskans to buy homes, which benefits Realtors, homebuilders, and building supply providers.

This bill would kill the liquidity of AHFC by requiring legislative approval for bond sales. This in turn would severely impact AHFC's affordable loan programs that benefit First Time Homebuyers. These programs have helped thousands of Alaskans obtain home ownership. Without these AHFC programs, many people would still be unable to obtain the American dream.

Once again, I strongly urge you to kill SB 113. Let AHFC operate as it has, being profitable to the State, and providing great opportunities for Alaskans to obtain home ownership.

Respectfully,



Stephanie Kuhnel



U.S. Department of Housing and Urban  
Development  
Alaska State Office  
University Plaza Building  
Office of the State Coordinator  
949 East 36<sup>th</sup> Avenue, Suite 401  
Anchorage, AK 99508-4399  
(907) 271-4170  
(907) 271-3778 FAX

[www.hud.gov/alaska.html](http://www.hud.gov/alaska.html)

[www.hud.gov/local/anc/anchome.html](http://www.hud.gov/local/anc/anchome.html)

**TO:** Senate Finance Committee **FAX #** (907) 465-4779

**ARLENE PATTON**  
**FROM:** STATE COORDINATOR **FAX#** (907) 271-3778

**PAGES SENT:** 3  
(including cover sheet)

**DATE:** 4 / 1 / 99

**COMMENTS:** SB 113

Comments I made during the 3/31/99 public hearing are attached.

Thank You for the opportunity to express HUD's concerns with SB 113.

HUD is concerned with the new text being added to Section 2 " Every expenditure of federal funds by the corporation is subject to appropriation".

Section 6. "and, subject to appropriation, make expenditures from federal funds",

Good evening, My name is Arlene Patton, I am the State Coordinator with the U.S. Department of Housing & Urban Development (HUD) @ 949 E. 36<sup>th</sup> Ave., Suite 401, Anchorage, AK. 99508.

As you are probably aware, HUD is a federal funding agency. During FFY'98, through HUD's many programs, Alaska benefited from over \$780M in resources that helped fund housing, crime and drug prevention, Infrastructure, Community Development, Youth Activities and prevention of Homelessness.

My comments tonight are limited to only the programs and funds that HUD relies on AHFC to administer.

In 1992, the State merged the Alaska State Housing Authority, which was the recognized Statewide Public Housing Authority, into Alaska Housing Finance Corporation. That merger was one of the first nation-wide pilots, where HUD's Public Housing programs were administered by a Housing Finance Corporation. During those public hearings, as HUD's State Representative, I expressed our Department's concerns. Through the years, many of those concerns and processing issues have been resolved, due to a healthy working relationship between HUD and the Corporation. Some of those same concerns have now resurfaced as a result of SB 113. HUD's programs require timely processing and constant board approval of budgets, policies, plans, etc. AHFC **must** have the flexibility and authority to meet all the requirements and deadlines imposed by HUD. If spending and program delivery are not done within the scope of the funded project or in a timely manner, then future opportunities could be jeopardized.

With a very capable staff, and a committed board, HUD has scored AHFC as a High Performing H.A. AHFC has also received recognition for its development of innovative programs. Both are needed to better serve Alaskans.

I trust that the State's leaders will **not** take action that would negatively impact AHFC's positive image and its ability to continue to work in partnership with housing and resource providers.

Because AHFC is recognized as a high performing Housing Authority, benefits from a AAA bond rating and has helped to develop new programs, Alaska's homeownership rate has increased from 55.4% in 1993 to a high of 70.4% at the end of 1998. That rate is one of the highest in the nation and is over 4% greater than the National average of 66.3%. None of the accomplishments identified; home ownership, high performing, level of funding, would have been possible without the flexibility that currently exists, within AHFC operation.

Over the past fifteen years, I have watched Public Housing and AHFC go from a troubled agency to a high performer. Have assisted task forces that have provided expertise in developing new programs and have been involved in one of the strongest housing partnerships that exist in the housing arena. But we will not be finished until every Alaskan has a Safe, Decent, Sanitary, and Affordable place to live.

I appreciate the opportunity to comment on S.B. 113. I trust that the State's leaders will deter from action that will hamper AHFC's ability to deliver programs, respond in a timely manner to all of HUD's demands, and to assist in developing and funding new programs that are needed.

As a resident of Alaska for over 26 years, I recognize the current demands being put on the State's leaders. Please remember, though, what we do today must be for the long term and NOT just an immediate fix to the problem.



March 30, 1999

Senator John Torgerson  
State Capitol Room 516  
Juneau, AK 99801-1182

Dear John:

I got some VERY distressing news this morning about the Senate Finance Committee's fast-tracking of Senate Bill 113. This must be stopped immediately.

I cannot believe that the majority, with its emphasis on governmental hands-off, would hamstring probably the ONE state bureaucracy, Alaska Housing Finance Corporation, that is actually doing a good job for the people of Alaska, and is not being run at a loss. They give the legislature money every year and now you want to mess with their arbitrage monies that are directly related to our clients getting great state-financed mortgage programs. If every bond they float has to be run by the legislature, they will miss the best interest rates, will have to depend on the caprice of the legislature for the appropriations to make bond payments and they will lose the confidence of their investors, and therefore lose their money.

I don't know whose idea this was, but whatever happened to not fixing things that aren't broken??? And what about the good faith of selling bonds for all those state capital projects contained in SB360. That was a seven-year agreement and now you're changing the rules.

Please reject this bill. If you can't, at least take it off the fast-track so the people of Alaska have a chance to comment on it. You are doing us all a disservice by pursuing AHFC. Please try to access money for the government to spend some other way.

Sincerely,

Anne C. Whitney, Associate

203 W Pioneer Ave., Ste. 1  
Homer, AK 99603  
(907) 235-7700  
(907) 235-6557 Fax

[coastal@xyz.net](mailto:coastal@xyz.net)

P.O. Box 150  
Anchor Point, AK 99556  
(907) 235-7141  
(907) 235-6876 Fax

P.O. Box 1753 Kenai, Alaska 99611  
Phone (907) 283-8071 Fax (907) 283-8072



# POM



TO: Senator Jerry Ward

FROM: Pat Vincent

ADDRESS: P.O. Box 1485

PHONE: 907-283-8378

DATE: 4-13-99

RE: Senate Bill 113

Patricia Vincent  
(Signature)

I ask you to oppose SB113. It severely interferes with AHFC's ability to do business. I feel SB113 will negatively impact home builders and home buyers. Please vote no!

Thank you!

cc: Senator John Ingerson

P.O. Box 1753 Kenai, Alaska 99611  
Phone (907)283-8071 Fax (907) 283-8072



# POM



TO: Senator John Torgerson

FROM: Pat Vincent

ADDRESS: P.O. Box 1485

PHONE: 907-283-3378

DATE: 4-13-99

RE: Senate Bill 113

*Patricia A Vincent*

(Signature)

*I oppose SB 113 and ask you to consider the problems passage would create for home builders, people in the building industry and potential home-owners.*

*Thank you!*

cc: *Senator Jerry Ward*

April 12, 1999

The Honorable Drue Pearce, Senate President  
The Honorable John Torgerson  
The Honorable Scan Parnell  
Co-Chairs, Senate Finance Committee  
Sent VIA Fax

RE: SB 113

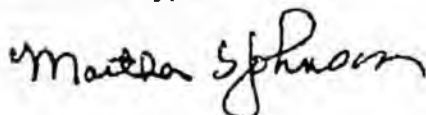
Dear Senators Pearce, Torgerson and Parnell,

As an Alaskan resident, I strongly oppose SB 113.

As a homeowner, I would not have been able to afford my present home. In 1995, AHFC introduced the 5% loan program for affordable housing. If this was not in place my life time dream of owning my own home would not have become reality. I feel with the programs that AHFC offers this gives the same opportunity to other residents.

I have a problem with our Senators giving a thought of controlling funds which may take away programs from the residents of Alaska. If the affordable housing didn't exist where would the little people go for homes.

Sincerely,



Martha S. Johnson  
Concerned Resident

# **National Bank of Alaska**



April 12, 1999

Mortgage Loan Department  
P.O. Box 107025  
1500 W. Benson Blvd., 4th Floor  
Anchorage, AK 99510-7025  
Phone (907) 257-3434 / Fax 257-3412

The Honorable John Torgerson  
State Capitol  
Juneau, Alaska 99801  
DELIVERED VIA FAX

RE: SB 113

Dear Senator Torgerson

I have been in the mortgage banking profession for 16 years and I have grave concerns regarding SB 113.


Alaska Housing Finance Corporation plays a crucial role in creating homeownership opportunities for the residents of this State through their programs for first time homebuyers and low and moderate income borrowers. In order for AHFC to offer these programs at affordable rates, they need to be able to sell bonds. This bill will negatively impact AHFC's bond rating and reputation in the bond market.

Alaska Housing Finance Corporation is the leader in providing financing to rural Alaska. They are dedicated to improving the housing stock in this State which is demonstrated by the development of new and innovative loan programs.

As a mortgage lender and someone who is concerned about the well being of our State, I urge you to take an active role in finding out more information about the impact the approval of this bill will have on our economy.

I am confident that once you become more informed, you will see as I do, that if this bill is made law, the impact on the economy of this State and the housing industry as a whole will be catastrophic.

Sincerely,

  
Michelle Carufel  
Vice President



April 12, 1999

The Honorable Sean Parnell and John Torgerson  
Co-Charis, Finance Committee  
Members of the Senate Finance Committee  
Sent Via Fax

Re: SB 113

Dear Co-Chairs and Members of Senate Finance Committee:

As a private citizen and a native of Alaska I personally know many family's that could not own their own home if it were not for Alaska Housing Finance Corporation and the many programs they are able to offer. The National Bank of Alaska has worked closely with AHFC over the years, and has developed many affordable financing options for Alaskans throughout the state.

Alaska Housing Finance Corporation is one of the most effective housing authorities in the country. If AHFC cannot retain the authority to issue bonds when the need arises and favorable market conditions exist, Alaskans will be faced with higher interest rates under AHFC programs. Higher interest rates will stand in the way of many people being able to own their own homes.

I urge you to oppose SB 113 and protect the benefits we all currently enjoy from AHFC for future Alaskan home owners.

Sincerely,



Gloria Dushkin

# National Bank of Alaska



April 10, 1999

The Honorable Sean Parnell and John Torgerson  
Co-Chairs, Finance Committee;  
Members of the Senate Finance Committee  
SENT VIA FAX

Mortgage Loan Department  
P.O. Box 107025  
1500 W. Benson Blvd., 4th Floor  
Anchorage, AK 99510-7025  
Phone (907) 257-3434 / Fax 257-3412

RE: SB 113

Dear Co-Chairs and Members of the Senate Finance Committee:

National Bank of Alaska and I strongly oppose SB 113 because the bill, if became law, will severely impair AHFC's ability to provide affordable and quality housing to the people of Alaska.

As an Alaskan and employee of the National Bank of Alaska, I am deeply concerned of the negative effects SB 113 will have on the state's economy. For the last few years, I have had the opportunity to work closely with AHFC and see for myself very many positive influences AHFC has brought to the housing industry and our economy in general.

For over twenty years, AHFC has been providing many, many Alaskans with affordable and quality housing. AHFC is able to achieve this accomplishment mainly because of its independent ability to issue bonds to provide fundings for various home loan programs and needed housing projects.

Without the independent authority to issue bonds, as restricted by SB 113, AHFC will certainly have very limited ability to continue its mission of providing affordable housing to the people of Alaska. Without funding from AHFC, many Alaskans will not be able to enjoy the dream of homeownership. Potentially, the jobs of many other Alaskans (working as Realtors, homebuilders, building supply providers, and mortgage bankers, etc.) will also be jeopardized because a large number of them will no longer be needed to support a declining housing market in the state. As a result, SB 113, if passed, will cause a serious multiplier effect in the state's economy.

I trust you, the senators of the citizens of the state of Alaska, do care about the state's economy and the quality of life for all Alaskans. Therefore, I urge you to vote no on SB 113 so that all of us and the future generation can continue to enjoy the very many benefits AHFC has brought to us.

Sincerely,

Nhan Phung  
Assistant Cashier  
(907) 257-3305



April 12, 1999

The Honorable Sean Parnell and John Torgerson  
Co-Chairs, Finance Committee;  
Members of the Senate Finance Committee  
SENT VIA FAX

RE: Senate Bill 113

Dear Co-Chairs and Members of Senate Finance Committee:

As a resident of this great state, I'm writing to express my concern regarding Senate Bill 113. I feel giving control of Alaska Housing Finance Corp. to the state legislature would be a disaster. It's apparent by AHFC's success that they know their business and how to manage it. I urge you to let them continue to control their operation. To do otherwise would certainly destroy AHFC as we know it today.

I have lived in Alaska for over 30 years. My parents retired here. My daughter was raised here and currently works full time in Anchorage. One of her goals is to purchase a home someday. Without AHFC's 1<sup>st</sup> Time Homebuyer Program, she will have difficulty achieving this goal. Her modest salary would make it very hard to qualify for other loan programs. She is only one of many young Alaskans who surely want to keep Alaska as their home.

Our young people have a hard enough time starting off on the right foot. As children, we try to teach them to be responsible citizens. Today's world has so many challenges. Please don't send a message to them that the state doesn't care about their needs. We should all be supporting business that benefits Alaskans of all ages.

Please show how much you care about the future of Alaska by voting NO on this bill.

Sincerely,



Mary Perez  
19460 Wingham Circle  
Eagle River, AK 99577

April 12, 1999

Senator John Torgerson  
Senate Finance Committee  
Room 515  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, AK 99801-1182

Subject: SB113/Alaska Housing Finance

Dear Senator Torgerson,

SB113 has many negative ramifications to many groups of Alaskans. I represent two of the groups as I am a mortgage banker for National Bank of Alaska and am a board member of the Kenai Peninsula Builders Association. I also represent a third group of Alaskans that does not yet realize the negative impact the proposed legislation has, the citizens.

I recently moved to the Kenai Peninsula and with my wife was able to purchase our first home. We have two young children that can now enjoy playing in our own backyard, rather than a shared space with other tenants. We were able to take advantage of the financing offered by AHFC and used the first time home buyer program along with the Interest Rate Reduction for Low Income Borrowers. This allowed us to afford a home that suited our needs, rather than a home that was considerably smaller and would not have benefited us.

What the proposed changes will do is detrimental to the interest rates AHFC is able to pass along to Alaskans as the bond rating will surely decrease. AHFC has been paying dividends to the state for a number of years and will continue to do so if left alone.

While I am only one voice out of thousands that you represent, I am certain that my views are shared by many other Alaskans, both professionals that would lose business and individuals that would lose the opportunity to enjoy the pride of homeownership. I hope that you will consider all of the facts, and more importantly the short and long term impact this will have on Alaskans trying to purchase a home.

Sincerely,



Aaron Swanson

P.O. Box 1753 Kenai, Alaska 99541  
Phone (907) 283-8071 Fax (907) 283-8072



# POM



TO: Senator John Torgerson

FROM: Shelby Johnson - Licensed Sales Consultant

ADDRESS: P.O. Box 2694 Kenai

PHONE: 907-283-9150

DATE: 4-14-99

RE: Senate Bill 113

Shelby Johnson  
(Signature)

Re: Senator Torgerson  
 SB 113 severely interferes with AHFC's ability to do business. It makes no sense to legislate changes that would negatively impact AHFC's core business functions - issuing loans to purchase home mortgages! We ask you to reject this Bill.

Shelby Johnson

**National  
Bank of Alaska**

March 31, 1999

Corporate Headquarters  
P.O. Box 100600  
Anchorage, AK 99510-0600  
Phone (907) 522-8888

Senator John Torgersen  
Senate Finance Committee  
Alaska State Legislature  
State Capitol - Room 520  
Juneau AK 99801-2197

RE: Senate Bill # 113 / AHFC

Dear Senator Torgersen:

I represent the Alaska Bankers Association and the National Bank of Alaska. We are extremely concerned about the overall economic impacts that Senate Bill No. 113 will have on the economy of the State of Alaska and the housing industry in general. The housing industry in the State provides one of the largest multiplier effects in jobs, retail sales, quality of life, and economic stability for the population of the State.

Additionally, Alaska Housing Finance provides an element of financial stability that encourages institutional lenders to make home loans available throughout our State. The passage of Senate Bill # 113 will jeopardize the mission of Alaska Housing Finance and potentially the quality of life of all of the citizens in the State of Alaska. If anything, we believe that Alaska Housing Finance should obtain more independence from the legislative process and focus on its mission of providing quality housing to our citizens. We therefore, recommend that you vote no on SB #113. If you have any questions of me, feel free to call me at 907-265-2991 at any time.

Sincerely,

A handwritten signature in cursive script that reads "Jan Sieberts".

Jan Sieberts  
Senior Vice President

JS:sa

**ALASKA MORTGAGE BANKERS ASSOCIATION**  
P. O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

March 31, 1999

Senator John Torgerson  
Co-Chair, Senate Finance Committee  
Alaska Senate  
State Capital  
Juneau, Alaska 99801 -1182

Re: Senate Bill 113

Dear Senator Torgerson:

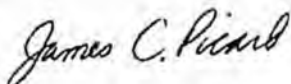
The Alaska Mortgage Bankers Association finds the language of Senate Bill 113 distressing for the citizens of Alaska--the majority of which are home owners or aspire to home ownership, and all those involved in related industries that exist to support the housing industry – whether they be lenders, builders, Realtors, appraisers, engineers or vendors.

Alaska Housing Finance Corporation exists to provide affordable housing and improve the housing stock for Alaskans. Historically they have done a very good job through the First Time Homebuyer and Interest Rate Reduction programs. Secondly, they were the only housing investor to stand behind and support home owners during Alaska's cyclical downturns. Senate Bill 113 will put AHFC out of business as we know it today by taking away their ability to act independently.

AHFC historically has attracted vast sums of capital to Alaska and has repeatedly been cited as one of the most effective housing agencies in the country. It has also been a source of income for the legislature for a number of years, and to change that formula now would kill one of the State of Alaska's crown jewels.

We urge you to not act in haste and kill the goose that lays the golden eggs.

Sincerely,



James C. Picard  
President



# Residential

## MORTGAGE LLC

1400 West Benson Boulevard, Suite 200  
Anchorage, Alaska 99505  
(907) 222-8800 phone  
(907) 222-8801 fax

March 31, 1999

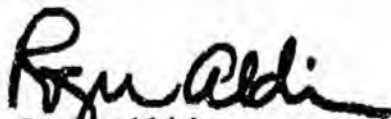
Senator John Torgerson  
Co-Chairman  
Senate Finance Committee  
State Capitol  
Juneau, AK 99801

Dear Senator Torgerson:

I am writing on behalf of the seventy-four Residential Mortgage employees located in Fairbanks, Eagle River, Anchorage, Kenai, Kodiak and Juneau. We are all opposed to the proposed legislation contained in SB113.

All of us who survived the late 80's in Alaska understand the importance of a strong, nationally respected state housing agency. The real estate market in Alaska is a vital part of our state economy and Alaska Housing Finance Corporation is absolutely essential to our real estate market. Please do not support this unnecessary legislation

Kindest regards,



Roger Aldrich  
President

DEBRA LEISEK  
Associate Broker

**Bay Realty**  
REALTOR

March 31, 1999

Senator John Torgerson  
State Capitol Room 516  
Juneau AK 99801

Dear John,

I write this letter in protest of Senate Bill 113. I would like to ask you one question, what does this bill accomplish?

We need more information about this bill in order to have a gleam of understanding about your thinking process. I think there are many who would like to know what your goal is here. Lenders, Title companies, Realtors and especially the Citizens of Alaska who may want to buy or sell a home need to know what your mission is.

This bill makes no sense. It will harm one of the few money making state agencies. It will harm the ability of Alaskans to purchase a home, thereby hurting the sellers of these homes also. It will absolutely stop the renovation programs, which we so desperately need here.

AHFC is one of the only viable investors in the state and keeps money in Alaska; this attracts outside investors also. Why on earth would you change a system that works so well? Don't you have some real problems to deal with?

I implore you to think about what you are doing and then come to the conclusion we have... this bill is not right and needs to be stopped Now!

Thank You  
Debra Leisek

P.O. Box 100600

**Alaska Bankers Association**  
Anchorage, Alaska 99510-0600

(907) 265-2920

March 31, 1999

Senator Sean Parnell, Co-Chairman                      Fax 907-465-6592  
Senator John Torgerson, Co-Chairman                  Fax 907-465-4779  
Senate Finance Committee  
Alaska State Legislature  
Via Facsimile

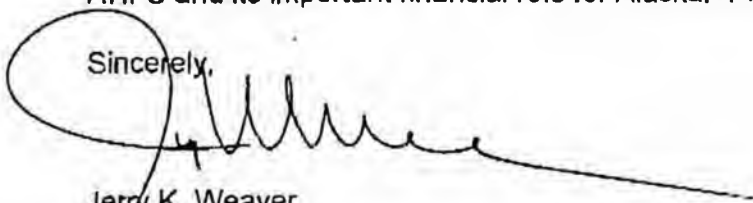
Re: SB 113 - Making Activities of the Alaska Housing Finance Corporation  
(AHFC) Subject to the Executive Budget Act

Dear Senators Parnell and Torgerson:

SB 113 would not be good law and the Alaska Bankers Association is strongly opposed to it. Mandatory legislative approval for AHFC to issue, redeem or refund bonds has been discussed for many years and just does not make good sense in real world money markets. The requirement that home mortgage payments would have to be separately appropriated and accounted for to the legislature would severely hamper AHFC's ability to participate in national capital markets and would significantly increase its borrowing costs. Rural and low-income housing projects would be especially hard hit and our state has few or no alternatives other than AHFC.

AHFC has served Alaskans well and it has been a key player in providing important mortgage financing programs which have steadily produced better homes and university housing for Alaskans. Do not let a short-term quest for funds harm AHFC and its important financial role for Alaska. Please vote no on SB 113.

Sincerely,



Jerry K. Weaver  
Secretary - Treasurer

JKW:sa

cc: Senator Al Adams, fax 465-4821  
Senator Dave Donley, fax 465-6595  
Senator Lyda Green, fax 455-3805  
Senator Tim Kelly, fax 465-3756  
Senator Loren Leman, fax 465-3810  
Senator Randy Phillips, fax 465-5979  
Senator Gary Wilken, fax 465-4714

# FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION

BILL NO. CS SB 1(JUD)

Revision Date/Time (Note if correction) 03/23/99 Dept. Affected Department of Corrections  
 Title An Act conditioning the award of good time and BRU Administration and Operations  
release on mandatory parole on the attainment of certain ... Component All  
 Sponsor Senator Donley  
 Requester Senate Judiciary Committee Component Serial No. #0694

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual	58.8	58.8	58.8	58.8	58.8	58.8
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous				72.3	512.0	732.4
<b>TOTAL OPERATING</b>	<b>58.8</b>	<b>58.8</b>	<b>58.8</b>	<b>131.1</b>	<b>570.8</b>	<b>791.2</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	58.8	58.8	58.8	131.1	570.8	791.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>58.8</b>	<b>58.8</b>	<b>58.8</b>	<b>131.1</b>	<b>570.8</b>	<b>791.2</b>

Estimate of any current year (FY99) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by Bruce Richards Phone 465-3307  
 Division Commissioner's Office Date/Time 3/31/99 11:10 AM  
 Approved by Comm. Margaret M. Pugh *Margaret M. Pugh* Date 3/31/99  
 Agency Department of Corrections

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FISCAL NOTE

STATE OF ALASKA  
1999 LEGISLATIVE SESSION  
DEPARTMENT OF CORRECTIONS

BILL NO. CS SB 1(JUD)  
PAGE 2 of 2  
DATE 3/31/99

Assumptions:

1. The Dept. of Corrections estimates that approximately 200 inmates convicted per year will be subject to the diploma/G.E.D requirement contained in sections one and two of CS SB 1(JUD). This number was arrived at by assessing data submitted by the Dept. of Corrections to the Bureau of Justice for the Violent Offender Incarceration Act (VOIA) grant. The VOIA grant application does not count inmates who have received a life sentence or some crimes that would still bring a sentence of two or more years. Therefore the 200 inmate number is believed to be conservative as there are inmates who receive 2 year or greater sentences that are not included.

2. Assuming 35% of the 200 inmates would already have their diploma/G.E.D, the remaining 130 inmates would be subject to the requirements in CS SB 1(JUD) and would risk losing their statutory good time credit if they failed to obtain their diploma/G.E.D prior to their mandatory parole release date.

3. Assuming that eight percent of the 130 remaining inmates were incapable of obtaining a diploma/G.E.D the number would be reduced to 120. It is estimated that an additional 9 inmates would be eliminated because they do not speak english and due to their social background. The remaining number subject to the provisions of CS SB 1(JUD) would be approximately 111. Incapable is not defined in this legislation and is assumed by the Dept. of Corrections that it means mentally incapable.

It is estimated it will cost approximately \$4,625 in contractual services to administer the Test of Adult Basic Education (TABE) to assess the 111 inmates literacy/education level.

It is estimated it will cost approximately \$8,000 in contractual services per year to make determinations whether an inmate is capable of obtaining a diploma/G.E.D.

It is estimated it will cost approximately \$46,250 in contractual services for teaching/tutoring services in addition to current DOC expenditures for educational services.

It is estimated that approximately fifteen percent (16 inmates) of the 111 inmates participating will fail/refuse to obtain their diploma/G.E.D. Estimating the average sentence for these inmates at five years, they would not be eligible for their one-third statutory good time deduction and would remain incarcerated for an additional 608 days at a cost of \$45,782 per inmate (half at institution rate / half at CRC rate = \$75.30 per day ).

**Subject:** sb 113 fiscal note

**Date:** Mon, 29 Mar 1999 12:03:12 -0900

**From:** Shari Kochman <shari\_kochman@gov.state.ak.us>

**Organization:** Alaska Office of the Governor

**To:** Darwin R Peterson <Darwin\_Peterson@legis.state.ak.us>

hi there,

ahfc is having some difficulty assessing the fiscal note on this bill and will not have it ready for wed's hearing. they'll address why in their testimony on the bill.  
sorry about the inconvenience. let me know if this is going to create any problems.

**Asset:** Alaska Housing Finance Corporation (AHFC)

**Mission:** Manage capital assets and grants to provide Alaskans equal access to safe, quality, affordable housing and in so doing, affirmatively create jobs and value-added industries.

**Business Activities:**

- Mortgage loan financing to low and moderate income borrowers, veterans and those living in rural areas of the state.
- Principle source of residential financing in the state and functions as a secondary mortgage market.
- Operate state public housing and subsidize rents.
- Provides funding for the construction and acquisition of public buildings for lease to the state.
- Provides grants to non-profit organizations.

**Management Structure:**

- Self-supporting, non-stock public corporation.
- Management Oversight: Seven member Board of Directors, 4 of whom are appointed by the Governor, plus the Commissioners of Revenue, Community and Regional Affairs and Health and Social Services.
- Financial Oversight: Annual operating and capital budgets are reviewed by the Governor and Legislature.

**Financial Overview:**

1997 Total Revenues: \$328,000,000.

1997 Total Operating Budget: \$30,000,000 (\$18,000,000 HUD).

1997 Fund Balance: \$1.8 Billion.

1997 Contributions to State of Alaska Operating Budget: \$50,000,000.

**Performance Measures:** Annual HUD Public Housing Management Assessment Program required. AHFC also conducts surveys on home ownership and homelessness, the number of program participants, number of awards received.

**Present Return on Asset/Activities:**

Primary Return: 2.4%

Secondary Return: Undetermined

Public Benefit: Creates jobs, reduces unemployment by maintaining a healthy home-building industry; reduces dependencies on public housing and welfare programs through Family Self - Sufficiency Program. Reduces energy bills via the Weatherization Program.

**Historical Footnotes Affecting Returns:**

- Most investments purchased with the proceeds of tax-exempt bonds are subject to interest rate yield restrictions of 1.125% to 1.15% over the yield of the bonds.
- Some of the tax-exempt bonds are subject to rebate provisions that may result in a payment due to the IRS.

INTERNET ADDRESS:  
acco3@admin.state.ak.us



P.O. BOX 110209  
JUNEAU, AK 99811-0209  
(907) 465-3250  
FAX: 465-4716

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## Alaska Commission on Aging

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March 31, 1999

Senator John Torgerson  
Co-Chair  
Senate Finance Committee

Dear Representative Torgerson,

The Alaska Housing Finance Corporation is a vital resource to Alaskans statewide. Its financial health is essential to the Corporation's ability to proactively promote and develop appropriate housing to meet the housing needs of residents across the state. The Alaska Commission on Aging requests that as consideration is given to Senate Bill 113, or other severe changes to AHFC, there be extensive time and opportunity for the full ramifications of this bill to be understood and discussed. We make this request in relation to the need for assessment of the impact this bill could have on the Corporation's ability to respond to the vital and growing housing needs of older Alaskans, as well as those of Alaskans with other specialized housing needs. We will appreciate the opportunity to carefully review and assess the impact of SB 113 as it relates to AHFC's continued ability to make the most of bond market opportunities, its ability to maintain attractive mortgage rates, and its ability to generate the level of net income returns that now benefit the State of Alaska and the housing industry. We believe the Corporation and its process are working well now, and we are concerned that changes are being considered which might damage AHFC's standing with investors.

Sincerely,

Alaire E. Stanton  
Chairman



**First National Bank**  
of Anchorage

---

Senator John Torgerson  
Senate Finance Committee Co-Chair  
Juneau, Alaska  
Via fax 1-907-465-4779

Dear Senator Torgerson:

I have carefully reviewed proposed Senate Bill 113 and have grave concerns about this bill on many levels.

First I am bewildered why the Senate would choose to tamper with the Alaska Housing Finance Corporation as it is a well run, well respected corporation that is known throughout the United States and even worldwide. It's reputation as a superbly run housing agency is recognized by the bond ratings it receives.

This proposal (SB113) jeopardizes AHFC's bond ratings and its ability to do issue bonds in a timely, opportunc manner. In essence it would no longer be run as a business, but as a government agency.

The legislative already reviews and has to approve AHFC's operating and capital budgets. This bill would result in the Legislative micro-managing AHFC-and this is both unnecessary and would likely be harmful in many ways such as:

- AHFC bond ratings would decrease therefore, investors purchasing these bonds would demand higher interest-and these higher interest rates would have to be passed on to the borrowers. Investors would be very concerned that AHFC would have to receive annual legislative appropriations to make bond payments. The request could be that AHFC is unable to obtain funds in the market or that the rate would be very unfavorable.
- AHFC is currently well managed. Dan Fauske is an excellent executive director who is very knowledgeable and effective. This bill mandates legislative approval for every activity of AHFC. No longer could AHFC react timely to market events.



**First National Bank**  
of Anchorage

---

- For over 20 years AHFC has provided a stable, reliable mortgage market for Alaskans. In addition, over the past several years AHFC paid millions in dividends to the state. We need to ensure that both of these continue into the future. SB113 will be detrimental and should be defeated.

Sincerely,

*Signed for Susan L. Benedetti*

Susan L. Benedetti  
Vice President  
Home Loan Center

Norwest Mortgage, Inc.  
2550 Denali Suite 1408  
Anchorage, AK 99503

# Fax

**To:** Attn: Darwin Peterson

**From:** Loan Officers

Senator Torgerson's Office

Alaska State Senate

**Fax:** 1-907-465-4779

**Pages:** 1-907-276-4250

**Phone:** 1-907-465-2828

**Date:** 03/31/99

**Re:** SB #113

**CC:** [Click here and type name]

**Urgent**    **For Review**    **Please Comment**    **Please Reply**    **Please Recycle**

Gentlemen:

Please consider the following testimony.

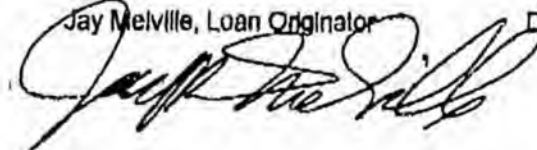
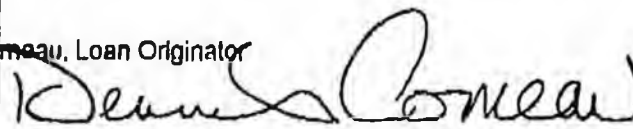
AHFC plays an important part in Alaskans dreams of home ownership and through its various programs helps voters achieve this dream in all parts of our great state.

If SB 113 is enacted the legislature will have the ability to micromanage the corporation which is far from the original intent. The legislature is only in session 120 days per year and the corporation is open for business 12 months per year.

It is not broken, please don't fix it.

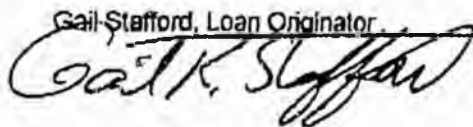
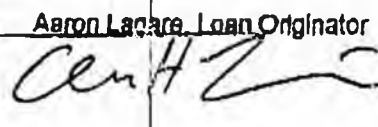
Jay Melville, Loan Originator

Dennis Comeau, Loan Originator

Gail Stafford, Loan Originator

Aaron Lacare, Loan Originator

**Subject: SB 113****Date:** Tue, 30 Mar 1999 17:33:25 -0900**From:** Dick Dolman <threepak@gci.net>**To:** Randy Phillips <Senator\_Randy\_Phillips@legis.state.ak.us>**CC:** Dan Fauske <Dfauske@ahfc.state.ak.us>**RECEIVED****MAR 31 1999**Senate Finance  
Committee

Dear Randy:

I just received a copy of SB 113 and can only speculate as to the reasoning behind it. Whatever the reasoning may be, the bill, if passed would fly in the face of AHFC's charter and a revenue source would evaporate. Curtailing AHFC's ability to sell bonds as needed and when the appropriate windows are open is tantamount to saying, "AHFC, put on these leg irons and handcuffs and now go forth and do good works."

I may be preaching to the choir, but it should not be forgotten how important AHFC has been, and is, in providing housing for Alaskans at the same time that it has been a significant source of revenue through its ability to skillfully arbitrage. Since 1975, AHFC has received \$1.07 billion in appropriations from the State and returned \$966 million. \$591 million of that has been in the past 5 years. AHFC is the only agency I know of with a social purpose that is not a fiscal burden. AHFC has reached maturity and is positioned to continue to pay dividends into the general fund. If SB 113 makes it to the governor's desk, we can kiss the social and fiscal benefits good-bye.

AHFC has been a very successful organization, benefits from an excellent reputation in the financial markets and has been a model for other housing finance agencies through the U.S. I was one of the three individuals (and the only one who hasn't had the good sense to retire) who petitioned for the creation of AHFC and have had a close relationship with it since the day of its birth. My observation is that its independence is what enables it to operate efficiently and be responsive to special housing finance needs. AHFC is a mini FannieMae. Can you imagine what would happen to FannieMae if every one of its debt issues had to be approved by Congress?

I would hope that you and your fellow committee members gain an understanding of how the secondary mortgage market functions and withdraw your sponsorship of this bill. There is nothing in AHFC that needs to be fixed.

As a mortgage banker of 38 years, I predict that if SB 113 passes, AHFC will revert to an organization like ASHA, which we all should remember, was a mess. Let us be reminded of the story of the hunter who accidentally shot his hunting partner. The emergency room doctor said to the hunter, "He would have lived if you hadn't gutted him."

Regards,

Dick Dolman

Subject: SB 113

Date: Tue, 30 Mar 1999 17:33:25 -0900

From: Dick Dolman <threepak@pci.net>

To: Randy Phillips <Senator\_Randy\_Phillips@legis.state.ak.us>

CC: Dan Fauske <Dfauske@ahfc.state.ak.us>

RECEIVED

MAR 31 1999

Senate Finance  
Committee

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Regards,

Dick Dolman

# GRIZZELL ENTERPRISES, INC.

BOX 1233

SOLDOTNA, ALASKA 99669

PHONE: 262-5082

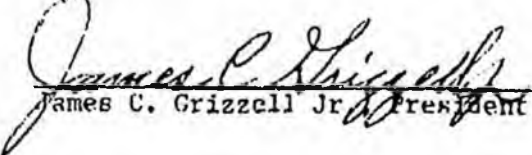
FAX - 262-4016

March 30, 1999

To: Senate Finance Committee.  
Senator John Torgerson  
Senator Jerry Ward

In regard to SB113; The legislative body has no business getting involved in making decisions for AHFC. Leave AHFC alone. You make enough off of them each year as it is. Quit trying to kill the goose that lays the Golden Eggs in your treasury.

Sincerely,

  
James C. Grizzell Jr. President



Patricia A. Vincent and Thomas R. Vincent

P.O. Box 1485

Kenai, Alaska 99511

Home Phone: 283-3378 / Pat's Work Phone: 283-8071 / Pat's Fax: 283-8072



# Fax

To: Senator John Torgerson From: Pat Vincent  
Fax: 907-465-2828 Pages: 1  
Phone: 907-465-4779 Date: 3/30/99  
Re: SB 113 CC: Senator Jerry Ward  
 Urgent    For Review    Please Comment    Please Reply    Please Recycle

• Comments:

As a homeowner and Alaskan resident, I urge you to oppose SB 113, sponsored by your Senate Finance Committee. I believe this bill would severely and negatively impact Alaska Housing Finance Corporation's ability to perform its core business function - issuing bonds to purchase home mortgages.

Please, do the right thing for AHFC and Alaskan home owners, home buyers and home builders - Kill Senate Bill 113!

Thank you for your support.

Patricia A. Vincent

**PaineWebber's Alaska Investment Banking Experience  
(Excluding competitive sales)**

<u>Sale Date</u>	<u>Issuer</u>	<u>Par Value</u>
05/19/98	Municipality of Anchorage Senior Lien Water Revenue Bonds	\$29,285,000
12/10/97	Municipality of Anchorage G.O. Tax Anticipation Notes	33,000,000
11/17/97	Municipality of Anchorage G.O. School Bonds	43,850,000
09/25/97	Alaska Energy Authority (Sitka Project)	32,000,000
08/27/97	Municipality of Anchorage G.O. Bonds, Series 1977A	18,610,000
03/24/97	Alaska Industrial Development and Export Authority	150,000,000 *
12/19/96	Municipality of Anchorage ML&P Variable Rate Bonds Ser 96D	30,000,000
12/19/96	Municipality of Anchorage ML&P Electric Rev Bonds Ser 96C	78,245,800
8/22/96	Municipality of Anchorage Sr. Lien Elec. Rev. Bonds	42,530,000
8/21/96	Alaska Housing Finance Corporation Mtge. Rev Bonds 1996 A	139,870,602 **
8/21/96	Municipality of Anchorage G.O. School Bonds	65,000,000
7/18/96	Alaska Ind. Devel. and Exprt Auth. Variable Rate Revolving Fund Bonds Ser B	42,500,000 **
6/06/96	Municipality of Anchorage G.O. Road Bonds	16,500,000
12/15/95	Municipality of Anchorage Sr. Lien Rfdg. Elec. Rev. Bonds	48,855,000
12/07/95	Municipality of Anchorage Rfdg. Certif. of Participation (Pension Fund Lease)	27,465,000
12/04/95	Municipality of Anchorage G.O. TANs	30,000,000
11/15/95	Municipality of Anchorage Port Rev. Rfdg. Bonds	10,400,000
11/09/95	Municipality of Anchorage G.O. School and G.O. Rfdg. School Bonds	89,765,000
11/09/95	Municipality of Anchorage G.O. Rfdg. Gen. Purpose Bonds	29,210,000
09/21/95	Municipality of Anchorage Solid Waste Disposal Rev. Rfdg. Bonds	3,465,000
09/21/95	Municipality of Anchorage Refuse Collection Rev. Rfdg. Bonds	2,310,000
06/27/95	Municipality of Anchorage G.O. Gen. Purpose Bonds	9,260,000
05/10/95	Alaska Indus. Devel. and Export Auth. Revolving Fund Bonds	8,020,000 **
05/10/95	Alaska Indus. Devel. and Export Auth. Rfdg. Revolving Fund Bonds	9,825,000 **
02/22/95	Municipality of Anchorage G.O. Gen. Purp. and G.O. Rfdg. Gen. Purp. Bonds	15,575,000
12/01/95	Municipality of Anchorage G.O. TANs	30,000,000
10/12/94	Municipality of Anchorage Subord. Lien Elec. Rev. Bonds	1,500,000
06/08/94	Municipality of Anchorage G.O. School Bonds	63,000,000
03/16/94	Alaska Indus. Devel. and Export Auth. Rfdg. Revolving Fund Bonds	11,435,000 *
02/08/94	Municipality of Anchorage G.O. Gen. Purp. and G.O. Rfdg. Gen. Purp. Bonds	38,450,000
01/12/94	Municipality of Anchorage Telephone Rev. Rfdg. Bonds	133,845,000 *
11/30/93	Municipality of Anchorage G.O. School Bonds	19,300,000
09/27/93	Municipality of Anchorage Sr. Lien Water Rev. and Rfdg. Bonds	18,585,000
08/06/93	State of Alaska Certif. of Participation (Juneau Office Bldg.)	5,500,000 **
07/07/93	Municipality of Anchorage G.O. Rfdg. School Bonds	41,635,000
06/29/93	Municipality of Anchorage G.O. Rfdg. Gen. Purpose Bonds	70,185,000
01/26/93	Municipality of Anchorage Sr. Lien Rfdg. Elec. Rev. Bonds	67,715,000
01/14/93	Anchorage Parking Auth. Lease Rev. Bonds	16,240,000
01/12/93	Municipality of Anchorage G.O. Rfdg. School and Gen. Purpose Bonds	40,200,000
12/01/92	Municipality of Anchorage Higher Educ. Rev. Bonds (Alaska Pacific Univ.)	13,800,000
11/17/92	Municipality of Anchorage G.O. Rfdg. School and Gen. Purpose Bonds	45,475,000
08/25/92	Municipality of Anchorage G.O. School Bonds	19,450,000
05/23/92	Municipality of Anchorage G.O. Gen. Purpose Bonds	26,480,000
05/19/92	Municipality of Anchorage G.O. Rfdg. School Bonds	47,180,000
01/28/92	Municipality of Anchorage Certif. of Participation	905,000
01/21/92	Municipality of Anchorage Home Mortgage Rev. Rfdg. Bonds (Mortgage Backed Securities Program)	15,190,000
01/14/92	Municipality of Anchorage G.O. School Bonds	25,900,000
12/04/91	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	25,000,000 *

Code: \*\* Senior Manager  
\* Co-Manager  
All other: Financial Advisor

**PaineWebber's Alaska Investment Banking Experience  
(Excluding competitive sales)**

<u>Sale Date</u>	<u>Issuer</u>	<u>Par Value</u>
11/19/91	Municipality of Anchorage G.O. TANs	18,000,000
08/13/91	Municipality of Anchorage G.O. Road Bonds	11,020,000
07/10/91	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds (Remarketing)	25,000,000 *
06/25/91	Municipality of Anchorage G.O. Rfdg. Gen. Purpose Bonds	25,530,000
04/16/91	Municipality of Anchorage Hosp. Rev. Rfdg. Bonds (Sisters of Providence)	84,385,000
02/25/91	Municipality of Anchorage G.O. TANs	18,000,000
12/11/90	Alaska Hsg. Finance Corp. Taxable Collateralized Mortgage Obligations	75,000,000 *
11/29/90	Alaska Hsg. Finance Corp. Taxable Collateralized Mortgage Obligations	50,000,000 *
11/29/90	Alaska Hsg. Finance Corp. Insured - Mortgage Program Rfdg. Bonds	273,603,544 *
11/13/90	Municipality of Anchorage Telephone Rev. Bonds	15,000,000
09/18/90	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds (Remarketing)	25,000,000 *
09/18/90	Alaska Hsg. Finance Corp. Taxable Collateralized Mortgage Obligations	75,000,000 *
09/18/90	Municipality of Anchorage G.O. School Bonds	13,095,000
07/25/90	Alaska Energy Auth. Power Rev. Bonds (Bradley Lake Hydroelectric Project)	60,259,015 *
07/09/90	Alaska Hsg. Finance Corp. Taxable Collateralized Mortgage Obligations	75,000,000 *
06/26/90	Municipality of Anchorage G.O. Rfdg. Gen. Purpose Bonds	10,580,000
06/26/90	Municipality of Anchorage G.O. Gen. Purpose Bonds	6,625,000
05/08/90	Municipality of Anchorage G.O. Road Bonds	14,700,000
04/03/90	Municipality of Anchorage G.O. Rfdg. School Bonds	10,671,497
03/22/90	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	25,000,000 *
01/23/90	Municipality of Anchorage G.O. School Bonds	26,250,000
12/18/89	Alaska Municipal Bond Bank G.O. Bonds	4,355,000 *
12/12/89	Municipality of Anchorage Sr. Lien Rfdg. Water Rev. Bonds	29,785,000
11/15/89	Alaska Hsg. Finance Corp. Collateralized Mortgage Obligations	75,000,000 *
11/08/89	Alaska Hsg. Finance Corp. Collateralized Mortgage Obligations	70,000,000 *
10/17/89	Municipality of Anchorage G.O. Rfdg. Water Bonds	61,345,000
09/22/89	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	25,000,000 *
09/06/89	Alaska Energy Auth. Power Rev. Bonds (Bradley Lake Hydroelectric Project)	105,002,142 *
08/07/89	Municipality of Anchorage Sr. Lien Rfdg. Elec. Rev. Bonds	78,955,000
08/01/89	Municipality of Anchorage Solid Waste Disposal Rev. Bonds	4,000,000
06/01/89	Kodiak Island Borough G.O. Rfdg. School Bonds	10,000,000
05/24/89	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	30,000,000 *
04/05/89	Alaska Municipal Bond Bank G.O. Bonds	3,985,000 *
09/22/88	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	67,000,000 *
07/19/88	Municipality of Anchorage G.O. Gen. Purpose Bonds	14,500,000
04/12/88	Municipality of Anchorage G.O. School & Gen. Purpose Bonds	23,000,000
12/11/87	Alaska Municipal Bond Bank G.O. Bonds	4,850,000 *
11/17/87	Municipality of Anchorage Hosp. Rev. Bonds (Sisters of Providence)	5,310,000
11/04/87	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	50,000,000 *
06/02/87	Municipality of Anchorage Higher Educ. Rev. Bonds (Alaska Pacific Univ.)	13,950,000
05/27/87	Anchorage Parking Auth. Adj. Rate Lease Rev. Bonds Conversion to Weekly Rate	18,205,000
04/29/87	Municipality of Anchorage G.O. School Bonds	14,950,000
04/23/87	Municipality of Anchorage Mortgage Rev. Bonds Reserve Fund Restructuring	**
03/17/98	Municipality of Anchorage G.O. Rfdg. Bonds	50,475,000
03/05/87	Alaska Municipal Bond Bank Auth. Rev. Bonds	15,030,000 *
02/25/87	Alaska Indus. Devel. Auth. DeLong Mountain Transp. Project Bonds (Red Dog Mine)	103,250,000
02/03/87	Municipality of Anchorage Refuse Collection Rev. Rfdg. Bonds	3,710,000
12/19/86	Alaska Indus. Devel. Auth. Umbrella Bonds	14,100,000

Code: \*\* Senior Manager  
 \* Co-Manager  
 All other: Financial Advisor

**PaineWebber's Alaska Investment Banking Experience  
(Excluding competitive sales)**

<u>Sale Date</u>	<u>Issuer</u>	<u>Par Value</u>
12/11/86	Alaska Municipal Bond Bank G.O. Rfdg. Bonds	17,055,000 *
12/11/86	Alaska Municipal Bond Bank Auth. Rev. Rfdg. Bonds	10,850,000 *
11/18/86	Municipality of Anchorage Telephone Rfdg. Rev. Bonds	62,930,000
08/29/86	Municipality of Anchorage Higher Educ. Rev. Bonds (Alaska Pacific Univ.)	12,800,000
08/13/86	Municipality of Anchorage Sr. Lien Elec. Rev. Bonds	53,500,000
08/13/86	Municipality of Anchorage Sr. Lien Rfdg. Elec. Rev. Bonds	72,200,000
08/05/86	Alaska Municipal Bond Bank G.O. Rfdg. Bonds	19,935,000 *
07/22/86	Municipality of Anchorage Telephone Rev. Bonds	10,000,000
07/09/86	Municipality of Anchorage G.O. Gen. Purpose Bonds	43,000,000
06/16/86	Municipality of Anchorage G.O. Water Bonds	55,000,000
06/04/86	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	100,000,000 *
06/03/86	Kodiak Island Borough G.O. Variable Rate Demand School Bonds	9,930,000
05/20/86	Municipality of Anchorage Elec. Rev. Rfdg. Bonds	22,500,000
05/15/86	Municipality of Anchorage G.O. Gen. Purpose Bonds	33,000,000
03/11/86	Municipality of Anchorage Sr. Lien Water Rev. Bonds	20,000,000
03/11/86	Municipality of Anchorage G.O. Certif. of Participation (Animal Control Shelter)	4,500,000
02/18/86	Municipality of Anchorage Certif. of Participation (Pension Fund Lease)	57,000,000
02/11/86	Municipality of Anchorage G.O. School Bonds	30,000,000
12/11/85	Anchorage Parking Auth. Adj. Rate Lease Rev. Bonds	18,205,000
12/10/85	Municipality of Anchorage Jr. Lien Rfdg. Water Rev. Bonds	30,240,000
12/03/85	Municipality of Anchorage Port Rev. Bonds	27,190,000
11/23/85	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	100,000,000
09/24/85	Municipality of Anchorage Sr. Lien Elec. Rev. Bonds	27,000,000
09/18/85	Alaska Hsg. Finance Corp. Collateralized Bonds (Veterans Mortgage Program)	150,000,000
09/05/85	Alaska Hsg. Finance Corp. State Assisted Mortgage Bonds	50,000,000
08/28/85	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	100,000,000
08/27/85	Municipality of Anchorage Hosp. Rev. Bonds (Sisters of Providence)	102,535,580
07/23/85	Municipality of Anchorage Telephone Rev. Bonds	15,000,000
07/03/85	Alaska State Hsg. Auth. Multifamily Hsg. Rev. Bonds	2,270,000 **
06/04/85	Municipality of Anchorage G.O. Gen. Purpose Bonds	14,000,000
03/12/85	Municipality of Anchorage Water Rev. BANs	20,000,000
02/05/85	Municipality of Anchorage Elec. Rev. BANs	20,000,000
01/22/85	Municipality of Anchorage G.O. Gen. Purpose Bonds	21,220,000
12/18/84	Alaska Hsg. Finance Corp. Collateralized Bonds	302,500,000
12/04/84	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	127,435,000
11/15/84	Alaska Hsg. Finance Corp. Collateralized Home Mortgage Bonds	75,000,000
10/09/84	Municipality of Anchorage Sr. Lien Elec. Rev. Bonds	40,000,000
09/18/84	Alaska Hsg. Finance Corp. Collateralized Bonds (Veterans Mortgage Program)	100,000,000
08/14/84	Municipality of Anchorage Jr. Lien Rfdg. Water Rev. Bonds	27,890,000
08/08/84	Municipality of Anchorage Sr. Lien Elec. Rev. Bonds	40,000,000
07/05/84	Alaska Indus. Devel. Auth. Econ. Devel. Bonds	13,120,000 *
06/05/84	Municipality of Anchorage G.O. Road Bonds	10,000,000
05/30/84	Alaska Hsg. Finance Corp. Veterans Mortgage Program Bonds	100,000,000
05/22/84	Municipality of Anchorage Telephone Rev. Bonds	16,500,000
05/15/84	Alaska Hsg. Finance Corp. State Guaranteed Bonds	100,000,000
05/01/84	Kodiak Island Borough G.O. Variable Rate Demand School Bonds	9,500,000
03/27/84	Municipality of Anchorage G.O. Wastewater Bonds	15,000,000
03/27/84	Municipality of Anchorage Elec. Rev. BANs	32,000,000
02/15/84	Alaska Hsg. Finance Corp. Veterans Mortgage Program	130,000,000

Code:    -- Senior Manager  
           \* Co-Manager  
 All other   Financial Advisor

**PaineWebber's Alaska Investment Banking Experience  
(Excluding competitive sales)**

<u>Sale Date</u>	<u>Issuer</u>	<u>Par Value</u>	
12/08/83	Alaska Indus. Devel. Auth. Consol. Bonds	7,720,000	^
12/08/83	Alaska Indus. Devel. Auth. Econ. Devel. Bonds	16,430,000	-
11/15/83	Municipality of Anchorage Sr. Lien Elec. Rev. Bonds	20,000,000	
11/02/83	Alaska Indus. Devel. Auth. Consol. Bonds	11,650,000	^
11/02/83	Alaska Indus. Devel. Auth. Econ. Devel. Bonds	11,950,000	^
09/21/83	Alaska Hsg. Finance Corp. State Guaranteed Bonds	50,000,000	
08/31/83	Alaska Hsg. Finance Corp. Home Mortgage Bonds	75,000,000	
08/23/83	Municipality of Anchorage Telephone Rev. Bonds	9,000,000	
08/23/83	Municipality of Anchorage Elec. Rev. BANs	10,000,000	
07/12/83	Alaska Indus. Devel. Auth. Consol. Bonds	14,445,000	^
06/10/83	Municipality of Anchorage Jr. Lien Rfdg. Elec. Rev. Bonds	87,900,000	
05/27/83	Kodiak Island Borough G.O. Variable Rate Demand School Bonds	7,400,000	
05/25/83	Matanuska - Susitna Borough G.O. School Bonds	20,000,000	
04/20/83	Municipality of Anchorage G.O. School Rfdg. Bonds	89,100,000	
12/02/82	Municipality of Anchorage G.O. Road Bonds	13,000,000	*
12/01/82	Alaska Indus. Devel. Auth. Consol. Bonds	7,080,000	*
12/01/82	Alaska Indus. Devel. Auth. Econ. Devel. Bonds	4,435,000	*
11/16/82	Municipality of Anchorage Telephone Rev. Bonds	13,000,000	
10/13/82	Alaska Indus. Devel. Auth. Consol. Bonds	4,465,000	*
10/12/82	Municipality of Anchorage Elec. Rev. Bonds	6,650,000	
09/29/82	Alaska Indus. Devel. Auth. Econ. Devel. Bonds	7,395,000	^
09/28/82	Municipality of Anchorage G.O. Rfdg. Bonds	32,495,000	
09/28/82	Municipality of Anchorage G.O. Gen. Purpose Bonds	14,380,000	
06/29/82	Municipality of Anchorage G.O. Water Bonds	3,000,000	
06/15/82	Municipality of Anchorage G.O. School Bonds	69,900,000	
04/06/82	Municipality of Anchorage G.O. Gen. Purpose Bonds	6,100,000	
04/06/82	Municipality of Anchorage Refuse Collection Rev. Bonds	1,910,000	
03/02/82	Municipality of Anchorage Telephone Rev. Bonds	8,500,000	
12/06/78	Alaska Indus. Devel. Auth. Poll. Cont. Rev. Bonds (Louisiana - Pacific Corp. Project)	31,500,000	**
05/01/78	City of Valdez Marine Terminal Rev. Bonds (Union Alaska Pipeline Co. Project)	22,500,000	**
04/24/78	City of Valdez Marine Terminal Rev. Bonds (Arco Pipeline Co. Project)	24,000,000	**
06/30/77	City of Valdez Marine Terminal Rev. Bonds (Sohio Pipeline Co. & BP Pipelines Inc. Projects)	350,000,000	^
05/01/77	City of Valdez Marine Terminal Rev. Bonds (Exxon Corp. Project)	250,000,000	^
02/10/77	City of Valdez Marine Terminal Rev. Bonds (Arco Pipeline Co. Project)	265,000,000	**
12/08/75	Alaska Hsg. Finance Corp. Insured Mortgage Program Bonds	5,000,000	**
05/29/75	Alaska Hsg. Finance Corp. Hsg. Mortgage Bonds	12,000,000	**
03/13/75	Alaska Hsg. Finance Corp. Hsg. Mortgage Bonds	35,000,000	**
09/10/73	Alaska Hsg. Finance Corp. Hsg. Mortgage Bonds	36,000,000	**
04/24/73	Alaska Hsg. Finance Corp. Hsg. Mortgage Bonds	13,000,000	**
10/18/72	Alaska Hsg. Finance Corp. Hsg. Mortgage Bonds	13,500,000	**
06/20/71	State of Alaska Int'l Airports Rev. Bonds	6,500,000	
09/09/70	State of Alaska G.O. Bonds	11,325,000	
06/17/70	State of Alaska G.O. Bonds	12,900,000	
03/04/70	State of Alaska G.O. Bonds	11,501,000	
09/17/69	State of Alaska G.O. Bonds	8,200,000	
09/11/69	Retained by State of Alaska as financial consultant for investment of \$900,000,000 North Slope oil lease sale proceeds (contract terminated 04/30/71)		
07/01/69	State of Alaska G.O. Bonds	10,500,000	

Code:    \*\* Senior Manager  
          \* Co-Manager  
All other: Financial Advisor

**PaineWebber's Alaska Investment Banking Experience  
(Excluding competitive sales)**

<u>Sale Date</u>	<u>Issuer</u>	<u>Par Value</u>
05/28/69	State of Alaska Int'l Airports Rev. Bonds	2,225,000
04/02/69	State of Alaska G.O. Bonds	8,500,000
10/09/68	State of Alaska G.O. Bonds	10,500,000
05/09/68	State of Alaska Int'l Airports Rev. Bonds	7,000,000
03/27/68	State of Alaska G.O. Bonds	<u>15,500,000</u>
		<u>\$7,742,104,180</u>
<b>Totals</b>		
	Financial Advisor	\$4,869,468,877
	Co-Manager	2,345,894,701
	Senior Manager	<u>685,485,602</u>
		<u>\$7,900,849,180</u>

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Code:     ⇒ Senior Manager  
           • Co-Manager  
 All other:     Financial Advisor

**KACHEMAK BAY TITLE AGENCY INC**

3691 BEN WALTERS LN #1

HOMER AK 99603

(907)-235-8196

fax (907)235-2420

EMAIL kbt@xyz.net

March 31, 1999

Sen John Torgerson  
State Capitol  
Juneau AK 99801

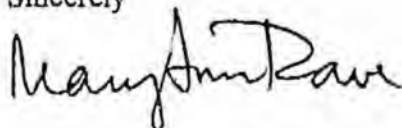
RE: SB113

Dear Sen Torgerson

I am opposed to the passage of SB113. This bill if passed, will effectively kill AHFC and financing for thousands of Alaskans in financing their homes both in the cities and in rural Alaska will be no more.

AHFC is run effectively today. They do not need more controls but must remain autonomous from the legislature to continue its mission of providing safe and affordable housing.

Sincerely



Mary Ann Rowe  
President