

SCOMM

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Alaska State Legislature

Press Release

Contact:

Senator Lyda Green, 907/465-6600

Representative Alan Austerman, 907/465-2487

State Capitol

Juneau, Alaska 99801

<http://www.akrepublicans.org>**For Immediate Release: February 26, 1997**

Let the People Guard The Permanent Fund

Resolutions Introduced To Protect Permanent Fund Dividends and Earnings

Juneau -- Senator Lyda Green (R-Mat-Su) and Representative Alan Austerman (R-Kodiak) introduced twin resolutions Wednesday calling for a constitutional amendment to require a vote of the people before changing the Permanent Fund.

"Let the people guard their Permanent Fund," Green said. "These resolutions ask for only one change to the existing Permanent Fund system -- that the people vote to accept or reject changes proposed for using the earnings of the Permanent Fund."

"It is appropriate we introduce these measures today as Alaska celebrates the 20th Anniversary of the first deposit of dedicated oil revenues in the Permanent Fund which took place on February 26, 1977," said Austerman.

"Most Alaska citizens do not know that under current law, their dividend program could be eliminated by a simple majority vote of the Legislature and approval by the Governor," Austerman explained. "Through this legislation, we are placing the future of the Permanent fund in the hands of the people, not government."

"If adopted, this amendment will permanently protect dividends, guarantee inflation-proofing and require voter approval for spending undistributed income from the Permanent Fund earnings reserve," said Green.

Under the constitution (Art. IX, Sec. 15) all net income from the Permanent Fund is deposited in the general fund and available for appropriation. However, the Legislature, by statute, has created an earnings reserve account to hold this net income from which dividends and inflation-proofing are paid. Whatever funds are leftover in the earnings reserve after inflation-proofing and paying dividends are called "undistributed income".

- more -

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Permanent Fund Release

"By permanently protecting dividends and inflation-proofing, and requiring voter approval for spending surplus income, I feel Alaskans might be more comfortable about considering and approving by a vote, other uses for undistributed income in the earnings reserve account that will benefit our state," Green said.

"I expect this resolution will receive strong support from Governor Knowles. After all, the Governor announced in both his State of the State and State of the Budget addresses, that there would be no threat to the dividends and no spending without a vote of the people. That is precisely what this amendment seeks to ensure," said Green.

These resolutions will lay to rest any question that dividends are in danger, that inflation-proofing might be sacrificed, or that spending of the earnings of the permanent fund might happen without a vote of the people.

###

Chapter 100

1 COMMUNITY	PURPOSE	GRANT AMOUNT
2 Beaver	Community facilities and equipment	25,000
3 Central	Community facilities and equipment	34,204
4 Eagle Village	Community facilities and equipment	50,000
5 Lake Minchumina	Community facilities and equipment	108,722
6 McCarthy	Community facilities and equipment	25,000
7 Newtok	Community facilities and equipment	25,000
8 Nikolaki	Community facilities and equipment	27,934
9 Silver Springs	Community facilities and equipment	25,094
10 Stony River	Community facilities and equipment	34,281

11 (c) The appropriations made by (a) and (b) of this section are made contingent on the
12 grantee complying before July 1, 1998, with the requirements, other than deadlines, set out
13 in AS 37.06

14 * Sec. 51. The sum of \$116,564 is appropriated from the general fund to the Department
15 of Law to pay for judgments and claims against the state for the fiscal year ending
16 June 30, 1997.

17 * Sec. 52. ALASKA COAL WATER FUEL EXPORT AND DIESEL ENGINE PROJECT

18 (a) The sum of \$3,800,000 is appropriated from the income of the Alaska science and
19 technology endowment (AS 37.17.020(a)) to the low-rank coal water fuel project reserve in
20 the Alaska Science and Technology Foundation for payment as a grant under AS 37.17.040(k)
21 for demonstrating the use of Alaska low-rank coal water fuel in diesel engines and developing
22 Alaska low-rank coal water fuel as a product for commercial export.

23 (b) The sum of \$22,509,880 is appropriated from university receipts to the University
24 of Alaska for the Alaska low-rank coal water fuel export and diesel engine project.

25 (c) The appropriation made by (a) of this section lapses into the Alaska science and
26 technology endowment income account, December 31, 1997, unless the Board of Directors of
27 the Alaska Science and Technology Foundation certifies on or before that date that all of the
28 necessary participants in the Alaska low-rank coal water fuel export and diesel engine project
29 have agreed to participate in the project.

30 * Sec. 53. AMERICAN RED CROSS GRANT LAPSE EXTENSION That portion of the
31 appropriation made in sec. 30, ch. 117, S.L.A. 1996, page 39, line 8 (Department of Military

HCS CSSB 107(FIN) am H

-28-

Chapter 100

1 and Veterans' Affairs for disaster planning and control - \$3,161,000 that was awarded by the
2 department as a grant to the American Red Cross lapses into the funds from which
3 appropriated on June 30, 1998.

4 * Sec. 54. An amount equal to the balance of the earnings reserve account (AS 37.13.145)
5 on June 30, 1997, less \$100,000,000, less the amount calculated under AS 37.13.145 to offset
6 the effect of inflation on the principal of the permanent fund during fiscal year 1997, and less
7 the amount authorized under AS 37.13.145(b) for transfer to the dividend fund
8 (AS 43.23.045(a)) for the payment of 1997 permanent fund dividends, is appropriated to the
9 principal of the Alaska permanent fund.

10 * Sec. 55. Section 145, ch. 208, S.L.A. 1990, is amended to read:

11 Sec. 145. (a) The sum of \$9,000,000 is appropriated from the Railbeth energy
12 fund (AS 37.05.520) in the general fund to the Alaska Railroad Corporation for the
13 purchase of locomotives, rolling stock, and associated equipment for the
14 development of coal deposits in the Matanuska-Susitna Valley

15 * Sec. 56. Section 145, ch. 208, S.L.A. 1990, is amended by adding a new subsection to
16 read:

17 (b) The interest and income earned since July 11, 1990, on the sum
18 appropriated by (a) of this section is appropriated from proceeds received by the
19 Alaska Railroad Corporation from the investment or deposit of the sum appropriated
20 by (a) of this section to the Alaska Railroad Corporation for the purchase of
21 locomotives, rolling stock, and associated equipment costs for the development of coal
22 deposits in the Matanuska-Susitna Valley.

23 * Sec. 57. DEPARTMENT OF PUBLIC SAFETY. The proceeds from the sale of five
24 patrol vessels, including parts inventory, by the Department of Public Safety are appropriated
25 to the Department of Public Safety for the purchase of two replacement vessels.

26 * Sec. 58. (a) The expended and unobligated balance, not to exceed ^{117,500} ~~26~~ of the
27 appropriation made in sec. 21, ch. 79, S.L.A. 1993, page 105, lines 29 - 31 (Badger flood
28 control and drainage - \$730,000) is reappropriated to the Department of Administration for
29 payment as a grant under AS 37.03.316 to the following recipients for the purposes and in the
30 amounts stated:

31 RECIPIENT AND PURPOSE

GRANT AMOUNT

-29-

HCS CSSB 107(FIN) am H

ALASKA STATE LEGISLATURE

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SENATOR LYDA GREEN

SENATE DISTRICT N

Sponsor Statement

Senate Joint Resolution 18

Under the constitution (Art. IX, Sec. 5) all net income from the Permanent Fund is deposited in the general fund and available for appropriation. However, the Legislature, by statute, has created an earnings reserve account to hold this net income from which dividends and inflation-proofing are paid. Whatever funds are left over in the earnings reserve after inflation-proofing and paying dividends are called "undistributed income."

The legislature by simple majority vote, with the support of the Governor, could cap, reduce or eliminate dividends, reduce or eliminate inflation proofing, and spend every penny of Permanent Fund earnings on government. SJR 18 will take the existing formulas for dividends and inflation-proofing and require that any changes be approved by the people, not just the legislature.

Former Governor Jay Hammond, former Fairbanks legislator Dick Randolph, former Ketchikan legislator Oral Freeman and prominent Fairbanks businessman Ralph Seekins join several hundred more who have endorsed the effort to require a vote of the people before the Legislature reduces dividends, inflation-proofing or spends the earnings of the Permanent Fund.

If adopted, SJR 18 will permanently protect dividends, guarantee inflation-proofing and require voter approval for spending undistributed income from the Permanent Fund earnings reserve.

What does SJR18 propose?

- no change to existing management of the earnings of the permanent fund except that the statutory basis is changed to a constitutional basis
- effect of change is to require voter approval before every changing formulas for the amount available for dividends and that required for inflation-proofing
- adds requirement for voter approval for appropriating undistributed income

Why is SJR18 good public policy?

- fear as bad public policy
- confusion regarding undistributed income

Does SJR18 effect status of the principal of the Permanent Fund or the earnings of the fund?

- There is no change to the status or definition of the Permanent Fund and the earnings of the fund. The only difference is that there is a higher threshold for changing the existing public purposes of the fund -- dividends, inflation-proofing and undistributed income.
- The committee may wish to add findings to SJR18 that clearly describe the public purposes behind the dividend, inflation-proofing and undistributed income.
- For example, the dividend serves a public purpose in that every Alaskan is assured of enough to avoid starvation, that every child has the opportunity to save for a better education, first home, first business or travel. Another public purpose is served by making every Alaskan directly aware of their "ownership" of the sub-surface resources on State land and the dividend serves to encourage public interest and involvement in public policy decisions affecting state land and the development of Alaska's resources.
- The committee may also clarify that "appropriation" with respect to undistributed income does not include a deposit directly into the principal of the Permanent Fund so that voter approval would be required only when spending the money is proposed.

For 18 years the Permanent Fund has been an integral part of public policy in Alaska and there have been many studies, a special legislative committee, major proposals, and many questions about the use and purpose of the Permanent Fund and the earnings of the Permanent Fund.

SENATOR LYDA GREEN, SPONSOR OF SENATE JOINT RESOLUTION 18, (SJR 18), AND SENATOR ROBIN TAYLOR, CHAIR OF THE SENATE JUDICIARY COMMITTEE, WOULD LIKE TO KNOW YOUR OPINION.

Under current law, a majority vote of the legislature could eliminate the dividend. There is absolutely no requirement that you have any direct say in how the Permanent Fund earnings are used.

Senator Green has introduced a constitutional amendment to require your approval before any changes are made to the amount of Permanent Fund earnings devoted to dividends or to inflation-proofing the principal of the Fund. In addition, voter approval would be required before the Legislature could spend any undistributed income (or left-over earnings) of the Permanent Fund.

This amendment simply ratifies and protects the existing program but adds the protection that before there are any changes to the Permanent Fund system the people would have to approve them by a vote.

WHAT IS YOUR OPINION?

Should the Legislature:

- (1) be able to cap, cut or eliminate dividends?**
- (2) be able to stop inflation-proofing the Permanent Fund?**
- (3) be able to spend undistributed earnings from the Permanent Fund without a vote of the people?**

Under current law, the legislature would be able to do any of the above.

CONSTITUTIONAL PROTECTION

SJR 18 would put the power with the people, requiring voter approval of any changes to the Permanent Fund system.

Should the constitution require voter approval:

- (1) before there are any changes to the dividend allocation?**
- (2) before changing inflation-proofing the principal of the Fund?**
- (3) before spending any of the undistributed (or left-over) earnings of the Permanent Fund?**

(Please share your opinion and leave this questionnaire in the box provided)

Please Print

NAME _____ TELEPHONE _____

MAILING ADDRESS _____



Frontiersman

Steve Krehl
Publisher

Vicid Naegele
Managing Editor

Growing with the Valley since 1947

Resolutions would protect permanent fund

By PAUL STUART
Frontiersman reporter

JUNEAU — Companion resolutions introduced Wednesday by Sen. Lyda Green, R-Wasilla, and Rep. Alan Austerman, R-Kodiak, call for a constitutional amendment to require a vote of the people before changing the permanent fund.

"If adopted, this amendment will permanently protect dividends, guarantee inflation-proofing and require voter approval for spending undistributed income from the permanent fund earnings reserve," Green said.

"Let the people guard their permanent fund," Green added. "These resolutions ask for only one change to the existing permanent fund system — that the people vote to accept or reject changes proposed for using the earnings of the permanent fund."

Austerman said he thought it was appropriate the measures were being introduced as Alaska celebrates the 20th anniversary of the first deposit of oil revenues into the permanent fund — on Feb. 26, 1977.

"Most Alaska citizens do not

Legislative Session

their dividend program could be eliminated by a simple majority vote of the Legislature and approval by the governor," Austerman said. "Through this legislation, we are placing the future of the permanent fund in the hands of the people, not the government."

Under the Alaska Constitution, all net income from the permanent fund is deposited in the general fund and available for appropriation. However, the Legislature, by statute, has created an earnings reserve account to hold the net income, and out of that account dividends and inflation-proofing are paid. Whatever remains in the earnings reserve after the dividend payments and inflation-proofing is called undistributed income.

"By permanently protecting dividends and inflation-proofing, and requiring voter approval for spending surplus in-

come, I feel Alaskans might be more comfortable about considering and approving by a vote, other uses for undistributed income in the earnings reserve account that will benefit our state," Green said.

Green said she expects the resolution will receive support from Gov. Tony Knowles.

School board association supports endowment plan

The Association of Alaska School Boards Tuesday passed a resolution in support of legislation introduced by Senate Minority Leader Jim Duncan, D-Juneau, to create an education endowment.

"Education funding is too important for our future to be part of the debate on how we're going to reduce spending in this state," Duncan said.

Duncan proposes using \$350 million from permanent fund earnings to create the endowment, increasing the revenue stream by 6 percent until education is fully funded. The endowment would then be inflation-proofed each year, Duncan said.

Duncan's proposal would be subject to approval by Alaska voters.

"It doesn't take away your

Ogan among delegates at energy conference

Frontiersman staff

Six Alaska legislators were to leave today for Washington, D.C., to take part in the five-day annual Federal Energy and Environmental Matters Conference of the Energy Council.

Among the delegates from Alaska is Rep. Scott Ogan, R-Palmer.

Member states of the Energy Council include nine other energy-producing states in addition to Alaska. The meeting is designed for the 10 oil and gas-producing states to promote dialogue with energy leaders at all levels of industry and government.

"I think that my peers recognize my dedication to the

development of Alaska's resources," Ogan said. "In my position as co-chairman of the House Resources Committee, I am being afforded an excellent opportunity to effect a proactive yet responsible approach to resource development in the State of Alaska."

Ogan said topics discussed in the nation's capital will include the National Petroleum Reserve, the Arctic National Wildlife Reserve (ANWR), the proposed gas pipeline and the Tongass National Forest.

The Alaska delegates intend to visit Congress to lobby members on the the Alaska energy issues, plus navigable water policies.

permanent fund," Duncan said. "It gives the citizens of the state two dividends: a cash dividend and an education dividend." Duncan said he believes the

voters of the state would be willing to use a small portion of the earnings of the permanent fund to secure education funding into the future.

**DERIVATION OF PERMANENT FUND EARNINGS RESERVE AMOUNTS
TIED TO JUNE 30, 1997 QUARTERLY FINANCIAL REPORT**

	PF EARN RESERVE FY 96 END BALANCE	1,203	
PLUS:	PERMANENT FUND FY 96 NET INCOME	1,814	
LESS	DIVIDENDS	643	Net Addition to Reserves =
	INFLATION PROOFING	407	
	GENERAL FUND	1	
			763
EQUALS		1,966	
LESS	APPROPRIATIONS		
	SLA 95, Ch. 103, Sec 103	500	Gov vetoed original "all but \$100 million language) and inserted \$500 million.
	SLA 96, Ch.20	1,344	Language leaves balance of \$100 million ** Rounding PF Corp total of 2 approps=\$1342.1
	Settlement monies	18	Amerada Hess
EQUALS	PF EARN RESERVE FY 96 END BALANCE	104	Actual on Report is 104 Million (rounding)
	Change in Earnings Reserve Balance	(1,099)	



- 42,900

Salary

705,742,700

a reduction of 20

Alaska Permanent Fund FINANCIAL PROJECTIONS

(in millions)

as of May 31, 1997

GROWTH OF FUND PRINCIPAL						
	FY Begin	Dedicated	Inflation-	FY End	Inflation-	
FY	Balance	Appro-	State	Balance	Proofing	Shortfall
		priations	Revenues ⁽¹⁾			
78						
79						
80	0	2,700	2,424	617	5,741	
81	5,741		323	216	6,281	
82	6,281	1,264 ⁽²⁾	171	148	7,864	
83	7,864		418	303	8,585	
84	8,585		228	360	9,173	
85	9,173		267	454	9,894	
86	9,894		435	559	10,888	
87	10,888		338	477	11,703	
88	11,703	5 ⁽³⁾	315	362	12,385	
89	12,385	6	210	372	12,973	
90	12,973	6	318	348	13,645	
91	13,645	1,861 ⁽²⁾	264	407	16,176	
92	16,176	20	299	485	16,980	
93	16,980	10	248	515	17,754	
94	17,754	11	232	572	18,570	
95	18,570	12	237	598	19,417	
96	19,417	13	253	626	20,308	
97	20,308	13	247	654	21,223	
98	21,223	14	248	683	22,168	
99	22,168	15	238	713	23,134	
00	23,134	17	226	743	24,120	
01	24,120	18	218	775	25,130	
02	25,130	19	212	806	26,167	
03	26,167	20	206	839	27,233	
04	27,233	22	200	873	28,328	
05	28,328	23	198	908	29,457	
06	29,457	25	194	944	30,628	
07	30,628	27	197	981	31,825	
08	31,825	29	193	1,019	33,066	
09	33,066	31	190	1,058	34,344	
10	34,344	33	188	1,099	35,684	
Cumulative Totals Projected						
For FY 1997 - 2015: 4,223 14,893						

USES OF FUND INCOME						
	Distributions			Reserves		
Net	Inflation-	General	Add	FY End		FY
Income	Dividends	Proofing	Fund	(Delete)	Balance	
78						78
79						79
80	2,219	653	617	186	763	65
81	1,821	303	216		501	86
82	1,059	391	148		529	87
83	789	424	303		62	88
84	868	460	360	4	45	89
85	916	487	454	4	(29)	90
86	1,030	489	559	4	(22)	91
87	1,036	488	477	5	66	92
88	1,226	532	362	5	322	93
89	1,098	556	372	11	153	94
90	1,013	565	348	6	88	95
91	1,814	643	407	1	(1,050)	96
92	1,850	735	485	1	710	97
93	1,293	743	515		24	98
94	1,388	771	572		34	99
95	1,451	816	598		25	00
96	1,517	787	626		92	01
97	1,589	749	654		172	02
98	1,670	788	683		184	03
99	1,754	825	713		201	04
00	1,840	865	743		215	05
01	1,929	907	775		230	06
02	2,021	952	806		244	07
03	2,116	997	839		259	08
04	2,214	1,045	873		274	09
05	2,316	1,093	908		292	10
06	2,421	1,143	944		309	11
07	2,531	1,196	981		327	12
08	2,644	1,249	1,019		347	13
09	2,762	1,305	1,058		368	14
10	2,885	1,363	1,099		390	15
38,291 18,329 14,893 1						

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 97:	11.49%	2.94%	8.55%
FY 98:	6.95%	2.99%	3.96%
FY 99 - 2015:	7.14%	3.18%	3.96%

⁽¹⁾ Department of Revenue Spring 1997 Revenue Forecast⁽²⁾ Earnings reserve appropriated to principal July 1, 1987 and 1995.⁽³⁾ Transferred to principal from earnings reserve account per AS 37.13.145(d)⁽⁴⁾ Based on 1996 Calian capital market assumptions.

Current

814

- 100

714

Earnings Reserve to Principal

Used these numbers in Summary of Approp - Also show all years of history

Alaska Permanent Fund financial projections

(in millions at cost as of June 30, 1997)

PRINCIPAL							INCOME					
FY	Begin Balance	Appropriations	Dedicated State Revenues	Inflation Proofing	FY End Balance	Unrealized Gains	Net Income	Distributions		Reserves		FY End Balance
								Dividends	Inflation Proofing	General Fund	Add (Delete)	
97												97
98	0	3,981	5,448	4,216	13,645	1,707	12,285	5,349	4,216	225	3,467	1,203
99	13,645	1,861	264	407	16,176	2,125	1,814	643	407	1	(1,098)	104
98	17,795	11	241	540	18,587		1,339	741	540		47	151
99	18,587	12	225	599	19,422		1,439	774	599		54	206
00	19,422	12	237	626	20,297		1,507	822	626		48	254
01	20,297	13	253	654	21,217		1,579	798	654		114	367
02	21,217	14	247	683	22,161		1,657	771	683		189	557
03	22,161	15	248	713	23,137		1,744	812	713		204	760
04	23,137	16	238	744	24,135		1,834	852	744		222	982
05	24,135	18	226	775	25,154		1,927	894	775		239	1,222
06	25,154	19	218	807	26,198		2,022	939	807		257	1,478
07	26,198	20	212	840	27,271		2,122	986	840		275	1,754
08	27,271	22	206	874	28,373		2,224	1,034	874		294	2,047
09	28,373	23	200	909	29,505		2,331	1,084	909		315	2,362
10	29,505	25	198	945	30,674		2,442	1,136	945		335	2,697
11	30,674	27	194	982	31,877		2,556	1,190	982		357	3,054
12	31,877	29	197	1,021	33,124		2,676	1,245	1,021		381	3,435
13	33,124	31	193	1,060	34,409		2,800	1,303	1,060		406	3,841
14	34,409	33	190	1,101	35,733		2,929	1,363	1,101		432	4,273
15	35,733	36	188	1,143	37,100		3,064	1,425	1,143		459	4,732
Cumulative Totals Projected For FY 1997 - 2015:							40,252	18,916	15,504	1		

Realized rate of return assumptions

	Nominal	Inflation	Real
FY 97	12.14%	2.94%	9.20%
FY 98	7.15%	2.99%	4.16%
FY 99 - 2015	7.34%	3.18%	4.16%

* Department of Revenue (DOR) Fall 1996 Revenue Forecast.
 Earnings reserve appropriated to principal July 1, 1987, 1995 and 1997.
 Transferred to principal from earnings reserve per AS 37.13.145(d).
 * Based on 1997 Callan capital market and DOR inflation assumptions.

Substantiated
May 31 to
June 30

Alaska State Legislature

Representative Carl E. Moses

CHAIRMAN
HOUSE RULES COMMITTEE

VICE-CHAIRMAN
HOUSE SPECIAL COMMITTEE ON FISHERIES

MEMBER
HOUSE SPECIAL COMMITTEE ON
ECONOMIC DEVELOPMENT

COMMITTEE ON COMMITTEES

FINANCE SUBCOMMITTEES
TRANSPORTATION AND PUBLIC FACILITIES
FISH & GAME



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SPONSOR STATEMENT

Committee Substitute House Bill 122

An Act authorizing payment of a portion of the motor fuel tax on boats and watercraft as refunds to municipalities.

Committee Substitute for House Bill 122 accomplishes the following:

1. Increases the marine fuel tax from \$.05 to \$.08 per gallon.
2. Shares \$.03 back to the municipalities where the marine fuel is sold.
3. Keeps the revenue generated from the \$.05 tax in the general fund.
4. Has a fiscal note of @ \$40,000 to add an Accounting Technician in Revenue.

The intent of Committee Substitute House Bill 122 is to increase the marine fuel tax and provide a distribution mechanism for \$.03 of the tax to be shared back to the communities where marine fuels are sold. This money is designated for "water and harbor facilities".

CSHB 122 would provide some assistance to local governments for additional development of docks and harbors and for the maintenance and development of existing public facilities.

BILL: HB 122 SHORT TITLE: MARINE MOTOR FUEL TAX
BILL VERSION: SCS CSHB 122(FIN) AM S
SPONSOR(S): REPRESENTATIVE(S) MOSES,Grussendorf,Mackie

CURRENT STATUS: VETOED BY GOVERNOR STATUS DATE: 06/30/95

TITLE: "An Act imposing a reporting requirement on certain sales, transfers, and consumption or uses of motor fuel, increasing the motor fuel tax on motor fuel used in and on watercraft, and authorizing payment of a portion of that tax as refunds to municipalities; and providing for an effective date."

01/25/95	132	(H)	READ THE FIRST TIME - REFERRAL(S)
01/25/95	132	(H)	STATE AFFAIRS, FINANCE
03/20/95	804	(H)	STA RPT CS(STA) NEW TITLE 4DP 1NR
03/20/95	805	(H)	DP: JAMES, IVAN, GREEN, ROBINSON
03/20/95	805	(H)	NR: PORTER
03/20/95	805	(H)	FISCAL NOTE (REV)
04/28/95	1615	(H)	FIN RPT CS(FIN) NT 2DP 2DNP 5NR 1AM
04/28/95	1615	(H)	DP: FOSTER, GRUSSENDORF
04/28/95	1615	(H)	DNP: MULDER, NAVARRE
04/28/95	1615	(H)	NR: HANLEY, PARNELL, KOHRING, THERRIAULT
04/28/95	1615	(H)	NR: KELLY
04/28/95	1615	(H)	AM: BROWN
04/28/95	1615	(H)	FISCAL NOTE (REV)
05/01/95	1696	(H)	RULES TO CALENDAR 5/01/95
05/01/95	1696	(H)	READ THE SECOND TIME
05/01/95	1696	(H)	FIN CS ADOPTED UNAN CONSENT
05/01/95	1696	(H)	ADVANCED TO THIRD READING UNAN CONSENT
05/01/95	1696	(H)	READ THE THIRD TIME CSHB 122(FIN)
05/01/95	1696	(H)	PASSED Y29 N11
05/01/95	1696	(H)	NAVARRE NOTICE OF RECONSIDERATION
05/02/95	1800	(H)	RECONSIDERATION NOT TAKEN UP
05/02/95	1800	(H)	TRANSMITTED TO (S)
05/03/95	1470	(S)	READ THE FIRST TIME - REFERRAL(S)
05/03/95	1470	(S)	STATE AFFAIRS, FINANCE
05/07/95	1600	(S)	WAIVE FROM STATE AFFAIRS Y12 N7 E1
05/13/95	1799	(S)	FIN RPT SCS 2DP 1DNP 4NR SAME TITLE
05/13/95	1800	(S)	FISCAL NOTE (REV)
05/16/95	1898	(S)	RULES TO CALENDAR 5/16/95
05/16/95	1900	(S)	READ THE SECOND TIME
05/16/95	1900	(S)	FIN SCS ADOPTED Y14 N6
05/16/95	1900	(S)	AM NO 1 ADOPTED Y18 N2
05/16/95	1901	(S)	AM NO 2 ADOPTED Y18 N2
05/16/95	1903	(S)	ADVANCED TO THIRD READING UNAN CONSENT
05/16/95	1903	(S)	READ THE 3RD TIME SCS CSHB 122(FIN) AM S
05/16/95	1904	(S)	PASSED Y13 N7
05/16/95	1904	(S)	EFFECTIVE DATE(S) PASSED Y20 N-
05/16/95	1928	(S)	TRANSMITTED TO (H) AS AMENDED
05/16/95	2237	(H)	HELD UNDER UNFINISHED BUSINESS
05/16/95	2242	(H)	CONCUR AM OF (S) Y25 N15
05/16/95	2243	(H)	EFFECTIVE DATE PASSED Y32 N7 A1
06/27/95	2288	(H)	10:10 AM 6/13/95 TRANSMITTED TO GOVERNOR
09/27/95	2320	(H)	VETOED BY GOVERNOR 6/30/95

SENATE CS FOR CS FOR HOUSE BILL NO. 122(FIN) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/16/96

Offered: 5/13/95

Sponsor(s): REPRESENTATIVES MOSES, Grussendorf, Mackie

A BILL

FOR AN ACT ENTITLED

1 "An Act imposing a reporting requirement on certain sales, transfers, and
 2 consumption or uses of motor fuel, increasing the motor fuel tax on motor fuel
 3 used in and on watercraft, and authorizing payment of a portion of that tax as
 4 refunds to municipalities; and providing for an effective date."

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

6 * Section 1. AS 43.40.010(a) is amended to read:

7 (a) There is levied a tax of eight cents a gallon on all motor fuel sold or
 8 otherwise transferred within the state, except that

9 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

10 and

11 (2) [THE TAX ON MOTOR FUEL USED IN AND ON
 12 WATERCRAFT OF ALL DESCRIPTIONS IS FIVE CENTS A GALLON; AND

13 (3)] the tax on all aviation fuel other than gasoline is three and two-
 14 tenths cents a gallon.

1 * Sec. 2. AS 43.40.010(h) is amended to read:

2 (b) There is levied a tax of eight cents a gallon on all motor fuel consumed
3 by a user, except that

4 (1) the tax on aviation gasoline consumed is four and seven-tenths cents
5 a gallon; and

6 (2) [THE TAX ON MOTOR FUEL USED IN AND ON
7 WATERCRAFT OF ALL DESCRIPTIONS IS FIVE CENTS A GALLON; AND

8 (3)] the tax on all aviation fuel other than gasoline is three and two-
9 tenths cents a gallon.

10 * Sec. 3. AS 43.40.010(c) is amended to read:

11 (c) Every dealer who sells or otherwise transfers motor fuel in the state shall
12 collect the tax at the time of sale, and remit the total tax collected, together with the
13 tax return required by AS 43.40.075, during each calendar month of each year to the
14 department by the last day of each succeeding month. Every user shall likewise remit
15 the tax accrued on motor fuel actually used by the user during each month, together
16 with the tax return required by AS 43.40.075. If the monthly tax remittance and
17 return are [IS] timely filed, one percent of the total monthly tax due, limited to a
18 maximum of \$100, may be deducted and retained to cover the expense of accounting
19 and filing the monthly tax remittance and return. [AT THE TIME THE
20 REMITTANCE IS MADE, EACH DEALER OR USER SHALL SUBMIT A
21 STATEMENT TO THE DEPARTMENT SHOWING ALL FUEL WHICH THE
22 DEALER OR USER HAS DISTRIBUTED OR USED DURING THE MONTH.]

23 * Sec. 4. AS 43.40.010(f) is amended to read:

24 (f) The proceeds from the revenue from the tax on motor fuel used in or on
25 [BOATS AND] watercraft of all descriptions shall be deposited in a special watercraft
26 fuel tax account in the general fund. The legislature may appropriate from this
27 account as follows:

28 (1) an amount equal to 37.5 percent of the proceeds from the
29 revenue from the tax may be appropriated for the purpose of paying refunds
30 under AS 43.40.150 to municipalities

31 (A) that, during the state fiscal year in which the refund is

1 payable, expend or propose to expend an amount at least equal to the
2 amount received by the municipality as a refund under AS 43.40.150 for
3 water and harbor facilities that are

4 (i) municipally owned and operated; or

5 (ii) state facilities, other than facilities of the Alaska
6 marine highway system, and that become municipally owned and
7 operated water and harbor facilities by transfer from the state;
8 appropriations may be made for the purpose of paying these
9 refunds to a municipality only after transfer of all state water and
10 harbor facilities in the municipality from the state to a
11 municipality; or

12 (B) for new or expanded water and harbor facilities to be
13 constructed by a municipality, but only if the municipality has presented
14 to the commissioner of transportation and public facilities a plan for the
15 construction of new or expanded facilities in the municipality, and the
16 commissioner of transportation and public facilities finds, and certifies to
17 the commissioner of revenue, that the making of the refund payment under
18 this subparagraph will materially assist the municipality in planning,
19 designing, constructing, and operating the new or expanded water and
20 harbor facilities; and

21 (2) the balance of the proceeds from the revenue from the tax may
22 be appropriated for water and harbor facilities.

23 * Sec. 5. AS 43.40 is amended by adding a new section to read:

24 Sec. 43.40.075. TAX RETURN FILING REQUIREMENTS. (a) A person
25 subject to the motor fuel tax shall file a return, made under penalty of unsworn
26 falsification, on a form prescribed by the department, reporting

27 (1) motor fuel sold, transferred, and used in the state by category
28 defined by the department; and

29 (2) sales, transfers, and uses of motor fuel that are exempt from
30 taxation under this chapter.

31 (b) The motor fuel tax return must show the type of motor fuel sold,

1 transferred, or used, the nature of any exemption, to whom exempt fuel was sold or
2 transferred, and other information required on the form.

3 (c) The return, including all required schedules, documentation, and reports,
4 shall be filed with the tax remitted by the deadline for remittance of the motor fuel tax
5 established in AS 43.40.010(c).

6 * Sec. 6. AS 43.40 is amended by adding a new section to read:

7 **ARTICLE 2. WATERCRAFT FUEL TAX REFUNDS TO MUNICIPALITIES.**

8 **Sec. 43.40.150. REFUNDS TO MUNICIPALITIES.** (a) Except as provided
9 in (b) of this section, the commissioner shall pay from appropriations under
10 AS 43.40.010(f)(1)

11 (1) to each unified municipality, to each city located in the unorganized
12 borough, and to each city located in a borough if the borough does not exercise
13 responsibility for water and harbor facilities on an areawide or nonareawide basis the
14 tax revenue collected in the municipality from taxes levied on motor fuel used in and
15 on watercraft of all descriptions under this chapter that is deposited in the special
16 watercraft fuel tax account and is allocable under AS 43.40.010(f)(1);

17 (2) to each city located within a borough that exercises responsibility
18 for water and harbor facilities on an areawide basis, or exercises that responsibility on
19 a nonareawide basis and all water and harbor facilities within cities within the borough
20 are owned and operated by cities, 50 percent of the amount of tax revenue collected
21 in the city from taxes levied on motor fuel used in and on watercraft of all descriptions
22 under this chapter that is deposited in the special watercraft fuel tax account and is
23 allocable under AS 43.40.010(f)(1); and

24 (3) to each borough that exercises responsibility for water and harbor
25 facilities on an areawide basis, or exercises that responsibility on a nonareawide basis
26 and all water and harbor facilities within cities within the borough are owned and
27 operated by cities,

28 (A) the tax revenue collected in the area of the borough outside
29 cities from taxes levied on motor fuel used in and on watercraft of all
30 descriptions under this chapter that is deposited in the special watercraft fuel
31 tax account and is allocable under AS 43.40.010(f)(1); and

1 (B) 50 percent of the amount of tax revenue collected in cities
2 located within the borough from taxes levied on motor fuel used in and on
3 watercraft of all descriptions under this chapter that is deposited in the special
4 watercraft fuel tax account and is allocable under AS 43.40.010(f)(1).

5 (b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the
6 commissioner shall pay

7 (1) to each city that is located in a borough incorporated after the
8 effective date of this Act the following percentages of the tax revenue collected in the
9 city from taxes levied on motor fuel used in and on watercraft of all descriptions under
10 this chapter that is deposited in the special watercraft fuel tax account and is allocable
11 under AS 43.40.010(f)(1):

12 (A) 90 percent of the taxes collected during the calendar year
13 in which the borough is incorporated;

14 (B) 80 percent of the taxes collected during the first calendar
15 year after the calendar year in which the borough is incorporated;

16 (C) 70 percent of the taxes collected during the second calendar
17 year after the calendar year in which the borough is incorporated; and

18 (D) 60 percent of the taxes collected during the third calendar
19 year after the calendar year in which the borough is incorporated; and

20 (2) to each borough that is incorporated after the effective date of this
21 Act the following percentages of the tax revenue collected in the cities located within
22 the borough from taxes levied on motor fuel used in and on watercraft of all
23 descriptions under this chapter that is deposited in the special watercraft fuel tax
24 account and is allocable under AS 43.40.010(f)(1):

25 (A) 10 percent of the taxes collected during the calendar year
26 in which the borough is incorporated;

27 (B) 20 percent of the taxes collected during the first calendar
28 year after the calendar year in which the borough is incorporated;

29 (C) 30 percent of the taxes collected during the second calendar
30 year after the calendar year in which the borough is incorporated; and

31 (D) 40 percent of the taxes collected during the third calendar

1 year after the calendar year in which the borough is incorporated.

2 (c) Notwithstanding the provisions of (b) of this section, a city may adopt an
3 ordinance to transfer a portion of the funds received under (b)(1) of this section to the
4 borough in which the city is located.

5 (d) If a person sells or transfers motor fuel used in or on a watercraft of any
6 description, in addition to the information required on the tax return filed under
7 AS 43.40.075,

8 (1) the person must report the location in which the motor fuel was first
9 sold or transferred; and

10 (2) if the sale or transfer occurred within a municipality other than the
11 municipality in which the motor fuel was purchased or stored, the person shall submit
12 to the department a statement disclosing the motor fuel sales or transfers that the
13 person made during the preceding calendar month outside the municipality in which
14 the motor fuel was purchased or stored.

15 (e) In this section, "tax revenue collected," as used with reference to a
16 municipality, means the revenue derived from the tax levied on motor fuel used in and
17 on watercraft of all descriptions under this chapter that is collected in the municipality
18 in which the final sale or transfer occurred.

19 * Sec. 7. This Act takes effect July 1, 1995.

REVISED SSSB 37

SUMMARY

Alaska Education Facilities Financing Program

OBJECTIVES:

1. Provide for the funding of critical urban and rural school construction and major maintenance projects and University of Alaska capital projects when the projects are needed, but before they could be funded by appropriation under a balanced-budget plan.

2. Establish an on-going mechanism, under which projects could be funded indefinitely in an organized manner, under strict criteria and legislative authorization.

3. Protect a portion (\$1.2 billion) of the Constitutional Budget Reserve Account for future use. The corpus of the initial capitalization of the Education Facilities Fund could not be drawn -- A portion of the earnings from the fund would pay for the projects, and allow the fund to grow as well.

SUMMARY

1. Following the examples of AIDEA and AHFC, establish the Education Facilities Finance Authority as a paper corporation within the Department of Education, and the Education Facilities Fund ("EF Fund") as an asset of the authority. The EFFA would:

- Sell EFFA bonds to directly finance the State's share of construction and major maintenance for urban and rural school districts and the University of Alaska.

- The revised bill provides for \$607 million of EFFA bonds to fund the state's share of \$731 million of construction & maintenance over the next three years. Construction & maintenance activities could begin next spring.

- Apply a portion of non-corpus balances of the EF Fund to debt service on EFFA bonds.

- The balance of the earnings could be returned to the revenue stream as dividends or retained in the fund to increase earnings.

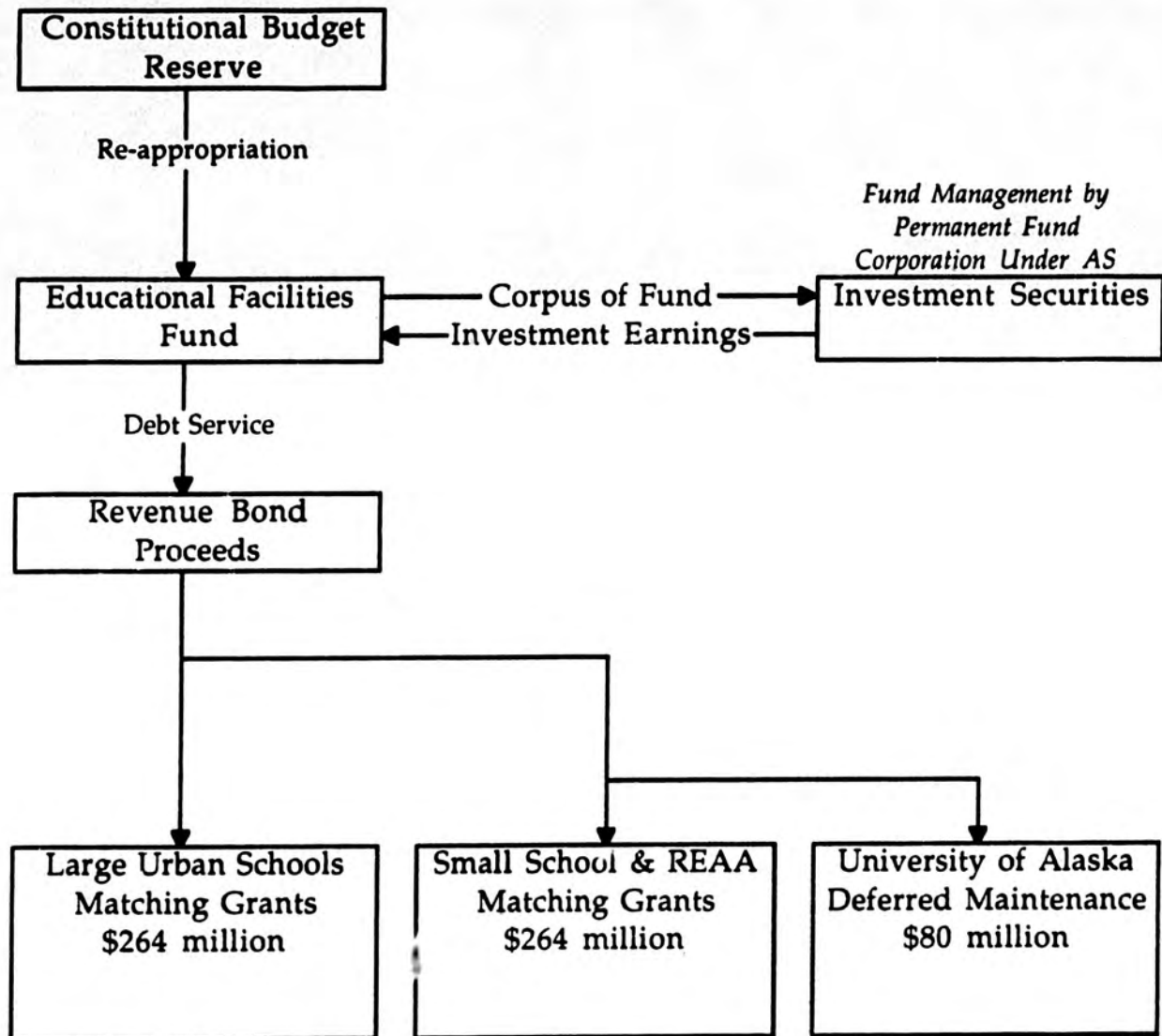
2. The Fund would be managed by the Permanent Fund Corporation under its statutes.

Future legislatures could continue to authorize more bonds or reimbursement agreements within the financial capabilities of the education facilities fund. The fund would have bonding capacity equal close to the initial capitalization, without risking the original corpus.

Under reasonable projections of future demands on the fund, it would continue to grow if investments of the fund yield more than bonds issued by the EFFA . This should occur with proper management of the authority.

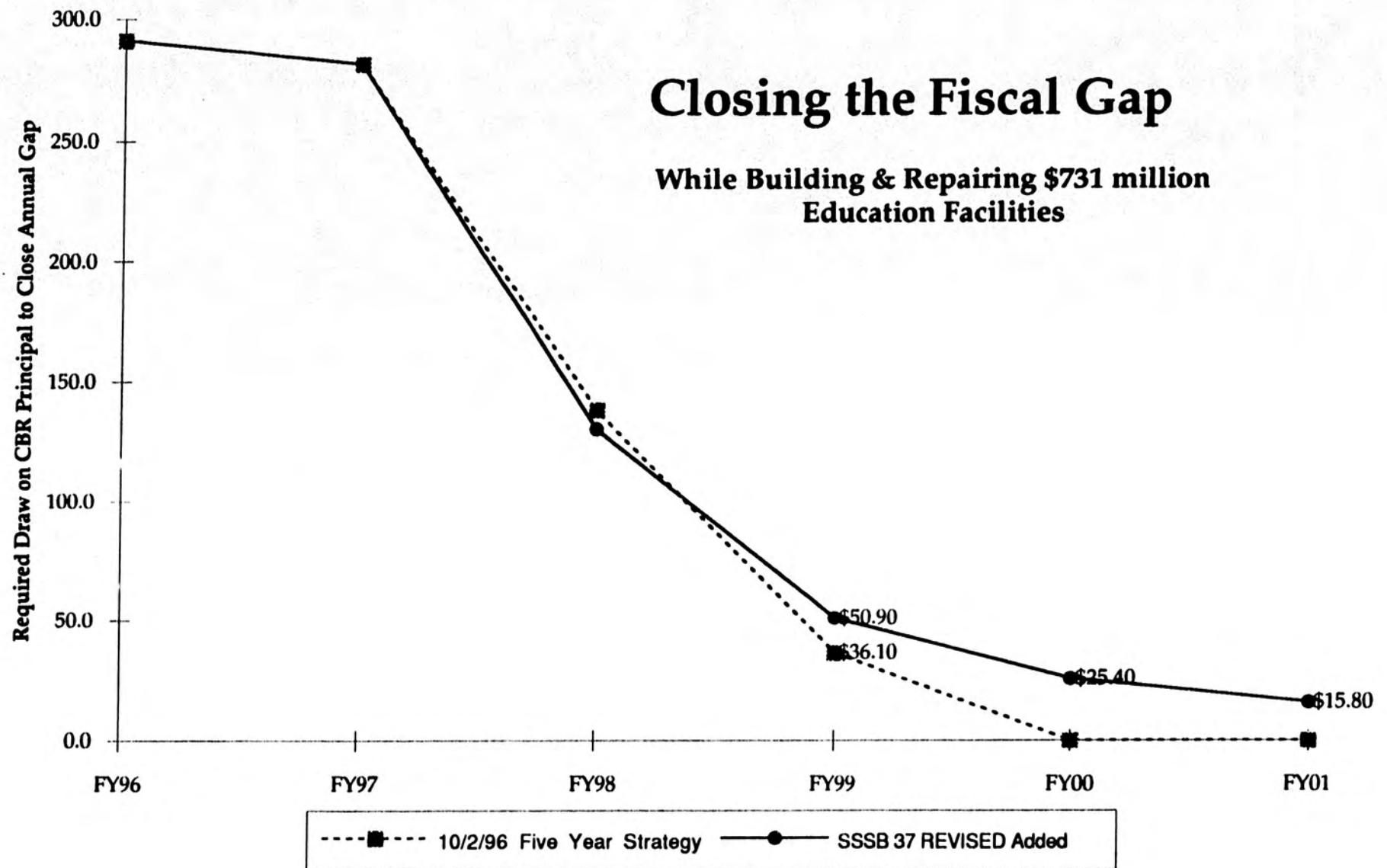
April 21, 1997

Education Facilities Financing Structure



Closing the Fiscal Gap

While Building & Repairing \$731 million
Education Facilities



ALASKA LEGISLATIVE MAJORITY - FIVE YEAR BUDGET STRATEGY as of October 2, 1996

WITH SSSB 37 REVISED (EDUCATION FACILITIES FUND)

(\$731 Million total projects over three years, with local match)

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Revenues</u>						
1/Unrestricted Revenues	2,042.0	1,910.0	1,844.0	1,890.2	1,886.1	1,846.7
1/Other Sources/Adjustments	101.7	33.5	30.0	30.0	30.0	39.0
1/AHFC Dividend	70.0	50.0	72.1	74.3	76.5	78.8
1/AIDEA Dividend	0.0	15.0	25.6	26.5	28.0	28.4
2/EFFA Dividend (line 6b)	0.0	0.0	65.2	42.0	18.7	18.7
3/Projected CBRF Earnings	0.0	125.0	98.1	99.5	106.6	112.0
1/New Revenues	0.0	5.0	66.0	68.0	70.0	72.0
Total Revenues	2,213.7	2,138.5	2,201.0	2,230.5	2,215.9	2,195.6
(Total Revenues Projected in Five Year Budget Strategy)	2,213.7	2,138.5	2,221.8	2,274.0	2,270.0	2,240.0
<u>Expenditures</u>						
1/Operating	2,218.1	2,192.2	2,131.5	2,089.7	2,066.4	2,053.6
1/Debt Service	109.4	93.1	91.0	82.8	66.1	48.9
1/Capital	116.0	100.1	100.0	100.0	100.0	100.0
4/(Less) Programmed Capital Projects of EFFA	0.0	0.0	(28.6)	(28.6)	(28.6)	(28.6)
1/Specials/Transfers/Fund Capitalizations	18.6	15.4	17.5	17.5	17.5	17.5
1/Revised Programs/Supplementals	43.0	19.2	20.0	20.0	20.0	20.0
Total Expenditures	2,505.1	2,420.0	2,331.4	2,281.4	2,241.4	2,211.4
(Total On-Budget Expenditures Projected in Five Year Budget Strategy)	2,505.1	2,420.0	2,360.0	2,310.0	2,270.0	2,240.0
<u>1/Expenditure Reduction from Previous FY</u>		(85.1)	(88.6)	(50.0)	(40.0)	(30.0)
1/As a % of Total Expenditures		-3.40%	-3.66%	-2.14%	-1.75%	-1.34%
<u>1/Projected Fiscal Gap/(Surplus) - from CBRF</u>	291.4	281.5	130.3	50.9	25.4	15.8
(Projected Fiscal Gap in 10/2/96 Five Year Strategy)	291.4	281.5	138.2	36.1	0.0	0.0
<u>CBRF Beginning Balance</u>	2,135.4	2,499.6	1,368.1	1,387.8	1,486.9	1,561.5
1/Projected Earnings	124.6	125.0	98.1	99.5	106.6	112.0
1/Transfers to General Fund	0.0	(125.0)	(98.1)	(99.5)	(106.6)	(112.0)
5/Transfers to Education Facilities Fund	0.0	(1,200.0)	0.0	0.0	0.0	0.0
1/Additional Settlement Deposits	551.5	350.0	150.0	150.0	100.0	100.0
1/Net of Sweep Provisions	(20.5)	0.0	0.0	0.0	0.0	0.0
1/Principal to Full Fiscal Gap [Transfers (to)/from budget]	(291.4)	(281.5)	(130.3)	(50.9)	(25.4)	(15.8)
CBRF Ending Balance	2,499.6	1,368.1	1,387.8	1,486.9	1,561.5	1,645.7
<u>6/Education Facilities Fund</u>						
a/Beginning Balance	0.0	0.0	1,200.0	1,200.0	1,200.0	1,200.0
b/Transfer From CBRF/(To) Revenues, EFFA Dividend (line 2)	0.0	1,200.0	(65.2)	(42.0)	(18.7)	(18.7)
c/Earnings	0.0	0.0	88.5	88.5	88.5	88.5
d/Bond Proceeds	0.0	0.0	202.6	202.6	202.6	0.0
e/Debt Service	0.0	0.0	(23.3)	(46.5)	(69.8)	(69.8)
f/School Construction/Maintenance	0.0	0.0	(202.6)	(202.6)	(202.6)	0.0
Education Fac. Fund Ending Balance	0.0	1,200.0	1,200.0	1,200.0	1,200.0	1,200.0
7/Consolidated CBRF/Ed. Fac. Fund Balances	2,499.6	2,568.1	2,587.8	2,686.9	2,761.5	2,845.7
(1/CBRF Ending Balance projected in October 2 Budget Strategy)	2,499.6	2,568.1	2,579.8	2,693.8	2,807.5	2,933.7
8/Cumulative Gain/(Loss) in net Revenues with EF Fund	0.0	0.0	8.0	(6.9)	(46.0)	(88.0)
9/Cumulative Capital Assets Acquired (Construction/Maint.)	0.0	0.0	243.7	487.4	731.1	731.1
10/Total Capital and Cash Assets / CBRF	2,499.6	2,568.1	2,831.5	3,174.3	3,492.6	3,576.8
(1/CBRF Ending Balance projected in October 2 Budget Strategy)	2,499.6	2,568.1	2,579.8	2,693.8	2,807.5	2,933.7
<u>11/Cumulative Gain/(Loss) with EF Fund</u>	+0.0	+0.0	+251.7	+480.5	+685.1	+643.1

ALASKA LEGISLATIVE MAJORITY FIVE YEAR BUDGET STRATEGY
as of October 2, 1996

**Modified to Include \$731 million New School Construction and Deferred
Maintenance Using REVISED SSSB 37 Methodology**

- School Construction & Deferred Maintenance program modeled:

School Construction and Deferred Maintenance Funded	
FY 1998	\$243,696,067
FY 1999	\$243,696,067
FY 2000	<u>\$243,696,067</u>
Total	\$731,088,200

- General assumptions regarding the Education Facilities Fund:
 - Earnings will be the same as projected in the Five Year Strategy for the CBRF (7.17%, as projected by the Permanent Fund Corporation).
 - True interest cost of bonds will be that of 'AA-' rated bonds marketed in the US the week of 4/18/97. This is the likely rating for an uninsured Alaska Moral Obligation Bond.
 - Earnings not required to pay debt service are paid as Dividends to the State annually in order to consolidate them into the Five Year Strategy.
- Consolidation of the REVISED SSSB 37 program with the Five Year Budget Strategy included modifying the following lines of the Five Year Strategy model as described below:
 - 1/ **No modifications to assumptions or methodology in these lines. They are the same assumptions/methodology as in the original Five Year Strategy model.**
 - 2/ All earnings of the Education Facilities Finance Authority surplus to its debt service obligations are treated as Dividends to the State's general revenue stream.
 - 3/ The Five Year Budget Strategy shows the earnings of the CBRF as revenues. This consolidation shows the earnings of the smaller CBRF.
 - 4/ The Educational Facilities Finance Authority will fund projects that otherwise would be funded out of the annual Capital budget. This consolidation offsets the cost of these projects, assumed to be the average of the last three fiscal years (FY95, FY96 and FY97) capital budget items for school construction and deferred maintenance. This average is \$28.6 million annually.
 - 5/ Line 5 shows the \$1.2 billion that would be transferred from the CBRF to the Ed. Fac. Fund by SSSB 37 and SB 111, the accompanying appropriation bill. This transfer ties to line 6b.

6/ This new section projects the operation of the Education Facilities Fund established by SSSB 37. In this consolidation, the Fund's earnings (line 6c) pay debt service on Authority bonds (line 6e), with the balance being transferred to general revenues in line "2/Education Facilities Financing Authority (EFA) Dividend."

7/ Line 7 is the sum of "CBRF Ending Balance" and "Education Fac. Fund Ending Balance."

8/ Line 8 is the difference between the ending balance in the CBRF as projected in the Five Year Budget Strategy and the combined ending balances of the CBRF and the Ed. Fac. Fund.

9/ Line 9 is the total capital provided for school construction and deferred maintenance by the Education Facilities Finance Authority and required local match. In this example, the total is \$731.1 million, evenly split between FY98, FY99, and FY00.

10/ Line 10 is the sum of the combined ending balances of the CBRF and the Ed. Fac. Fund, plus the capital assets underwritten by the Education Facilities Finance Authority. (line 7 plus line 9)

11/ Line 11 is the difference between line 10 and the ending balance in the CBRF as projected in the Five Year Budget Strategy, and approximates the net gain in assets that occurs under REVISED SSSB 37 methodology.

This gain in assets is achieved by providing \$731 million of school construction & deferred maintenance during the 5-year budget strategy period for a net cash flow cost to the balance sheet of only \$88.0 million.

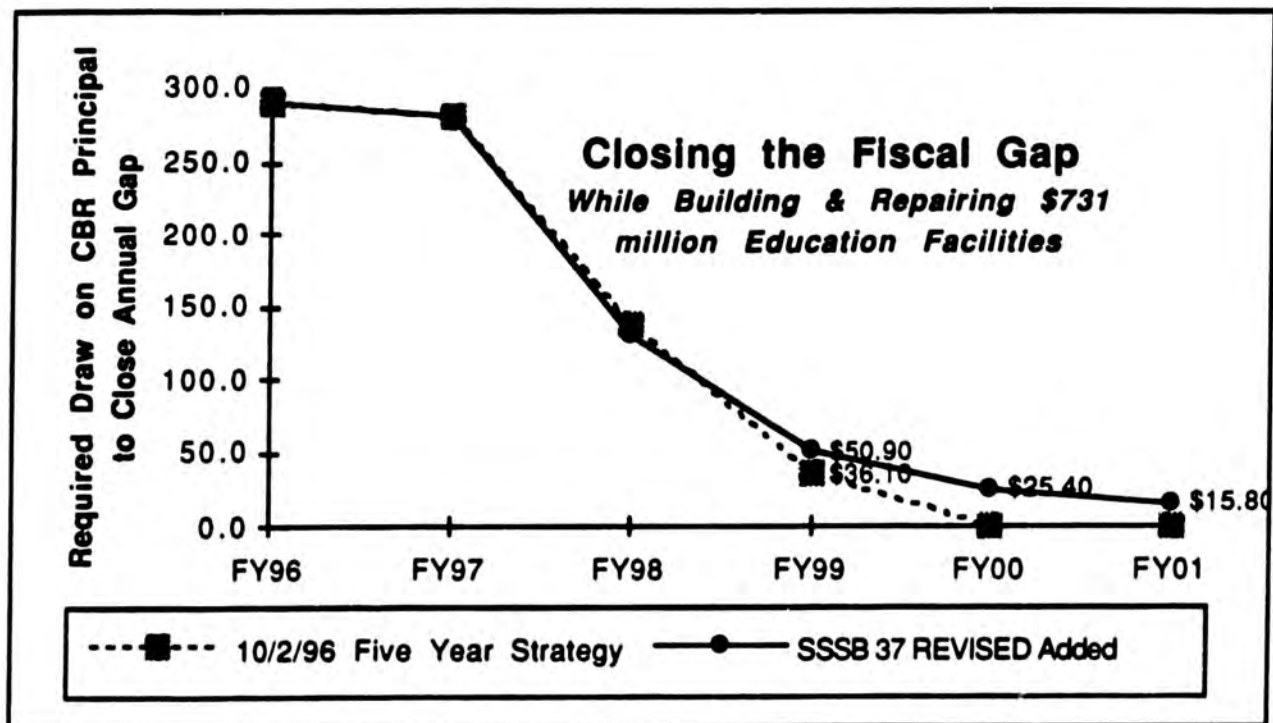
ALASKA LEGISLATIVE MAJORITY FIVE YEAR BUDGET STRATEGY
as of October 2, 1996

Modified to Include \$731 million New School Construction and Deferred
Maintenance Using REVISED SSSB 37 Methodology

Noteworthy Results:

• Adding the SSSB 37 EFFA methodology does not significantly slow the reduction of the "fiscal gap." In short, SSSB 37 methodology can be readily meshed with the Five Year Strategy, without causing noticeable changes – while providing \$731 million in construction & major maintenance at the same time.

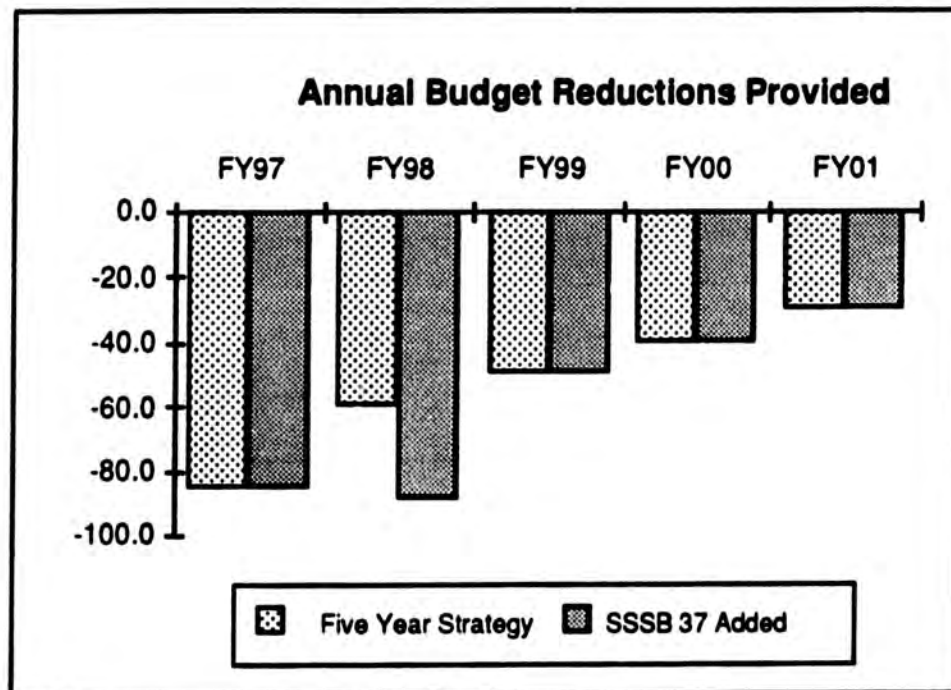
	Annual Fiscal Gap					
	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
10/2/96 Five Year Strategy	291.4	281.5	138.2	36.1	0.0	0.0
SSSB 37 REVISED Added	291.4	281.5	130.3	50.9	25.4	15.8



- Adding the SSSB 37 EFA methodology allows the FY98 budget to be cut by more than the Five Year Strategy, while still providing the identical services (because the Ed. Fac. Finance Authority provides deferred maintenance and construction that would otherwise be funded by the Capital budget).

Annual Budget Cuts - Same Services Provided

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Five Year Strategy	(85.1)	(60.0)	(50.0)	(40.0)	(30.0)
SSSB 37 Added	(85.1)	(88.6)	(50.0)	(40.0)	(30.0)



Annual Percent Budget Cuts - Same Services Provided

	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
Five Year Strategy	-3.40%	-2.48%	-2.12%	-1.73%	-1.32%
SSSB 37 Added	-3.40%	-3.66%	-2.14%	-1.75%	-1.34%

Education Facilities Fund

\$731 Million Scenario

12-Year Bond Maturities

<i><u>Year</u></i>	<i><u>Beginning Balance</u></i>	<i><u>Earnings</u></i>	<i><u>New Bonds</u></i>	<i><u>Debt Service</u></i>	<i><u>Ending Balance</u></i>	<i><u>Available for CBR Deposit</u></i>	<i><u>Remaining Capacity</u></i>
1998	\$1,200,000	\$120,000	\$202,602	\$23,265	\$1,296,735		\$842,433
1999	\$1,296,735	\$129,674	\$202,602	\$46,529	\$1,379,880		\$724,074
2000	\$1,379,880	\$137,988	\$202,602	\$69,794	\$1,448,074	\$750,138	\$593,879
2001	\$1,448,074	\$144,807	\$0	\$69,794	\$1,523,088	\$825,151	\$653,267
2002	\$1,523,088	\$152,309	\$0	\$69,794	\$1,605,603	\$907,666	\$718,594
2003	\$1,605,603	\$160,560	\$0	\$69,794	\$1,696,370	\$998,433	\$790,453
2004	\$1,696,370	\$169,637	\$0	\$69,794	\$1,796,213	\$1,098,276	\$869,499
2005	\$1,796,213	\$179,621	\$0	\$69,794	\$1,906,041	\$1,208,104	\$956,449
2006	\$1,906,041	\$190,604	\$0	\$69,794	\$2,026,851	\$1,328,914	\$1,052,093
2007	\$2,026,851	\$202,685	\$0	\$69,794	\$2,159,743	\$1,461,806	\$1,157,303
2008	\$2,159,743	\$215,974	\$0	\$69,794	\$2,305,923	\$1,607,987	\$1,273,033
2009	\$2,305,923	\$230,592	\$0	\$69,794	\$2,466,722	\$1,768,785	\$1,400,336
2010	\$2,466,722	\$246,672	\$0	\$46,529	\$2,666,865	\$2,201,574	\$1,742,972
2011	\$2,666,865	\$266,686	\$0	\$23,265	\$2,910,287	\$2,677,641	\$2,119,872
2012	\$2,910,287	\$291,029	\$0	\$0	\$3,201,315	\$3,201,315	\$2,534,462
2013	\$3,201,315	\$320,132	\$0	\$0	\$3,521,447	\$3,521,447	\$2,787,908
2014	\$3,521,447	\$352,145	\$0	\$0	\$3,873,592	\$3,873,592	\$3,066,699
2015	\$3,873,592	\$387,359	\$0	\$0	\$4,260,951	\$4,260,951	\$3,373,368

Assumes: \$731 Million construction/major maintenance financed over first three years, including local matches required.

12-year series of AA- bonds yield what they did week of April 18, 1997 (5.31% avg. to maturity).

Fund earnings average 10% during period.

April 22, 1997

Education Facilities Fund

"Billion Dollar Schools" Scenario

12-Year Bond Maturities

<u>Year</u>	<u>Beginning Balance</u>	<u>Earnings</u>	<u>New Bonds</u>	<u>Debt Service</u>	<u>Ending Balance</u>	<u>Available for CBR Deposit</u>	<u>Remaining Capacity</u>
1998	\$1,200,000	\$120,000	\$202,602	\$23,265	\$1,296,735		\$842,433
1999	\$1,296,735	\$129,674	\$202,602	\$46,529	\$1,379,880		\$724,074
2000	\$1,379,880	\$137,988	\$202,602	\$69,794	\$1,448,074		\$593,879
2001	\$1,448,074	\$144,807	\$80,000	\$78,980	\$1,513,902		\$573,267
2002	\$1,513,902	\$151,390	\$80,000	\$88,166	\$1,577,126		\$550,594
2003	\$1,577,126	\$157,713	\$63,566	\$95,465	\$1,639,373	\$684,718	\$542,087
2004	\$1,639,373	\$163,937	\$0	\$95,465	\$1,707,845	\$753,190	\$596,296
2005	\$1,707,845	\$170,784	\$0	\$95,465	\$1,783,164	\$828,509	\$655,925
2006	\$1,783,164	\$178,316	\$0	\$95,465	\$1,866,014	\$911,360	\$721,518
2007	\$1,866,014	\$186,601	\$0	\$95,465	\$1,957,150	\$1,002,496	\$793,670
2008	\$1,957,150	\$195,715	\$0	\$95,465	\$2,057,400	\$1,102,746	\$873,037
2009	\$2,057,400	\$205,740	\$0	\$95,465	\$2,167,675	\$1,213,020	\$960,341
2010	\$2,167,675	\$216,767	\$0	\$72,201	\$2,312,241	\$1,590,232	\$1,258,977
2011	\$2,312,241	\$231,224	\$0	\$48,936	\$2,494,529	\$2,005,166	\$1,587,477
2012	\$2,494,529	\$249,453	\$0	\$25,672	\$2,718,310	\$2,461,592	\$1,948,827
2013	\$2,718,310	\$271,831	\$0	\$16,485	\$2,973,656	\$2,808,801	\$2,223,710
2014	\$2,973,656	\$297,366	\$0	\$7,299	\$3,263,722	\$3,190,730	\$2,526,081
2015	\$3,263,722	\$326,372	\$0	\$0	\$3,590,094	\$3,590,094	\$2,842,255

Assumes: \$1.0 Billion construction/major maintenance financed over first six years, including local matches required.

12-year series of AA- bonds yield what they did week of April 18, 1997 (5.31% avg. to maturity).

Fund earnings average 10% during period.

April 22, 1997

FAX TRANSMITTAL

TO: Dennis DeWitt

FROM: Senator Rick Halford
(Bill Stoltze)

FAX #: 465-3518

FAX #: (907) 465-4928

PHONE #: 465-2647

PHONE #: (907) 465-4958

DATE: September 30, 1997

PAGES: (including cover sheet) FOUR

MESSAGE: Denny---Per Brett's request I am forwarding the DOE fiscal note and DOE memorandum for SB 11, Sen. Halford's school construction debt bill. stoltze

MEMORANDUM

State of Alaska
Department of Education

To: Karen Rehfeld
Director, Education Support Services

Date: February 18, 1997

Phone: 465-1858

File: g:\mdm\deptmemo\sjh
Facilities Issues

From: Michael Morgan
Special Projects Manager
ESS/Facilities

Subject: Facilities Issues

The following is a summary of issues facing school facilities. This paper is segmented into three sections: the issues facing school facilities; the positions, assumptions and beliefs underlying recommendations on how to deal with the issues; and, recommendations on each issue.

- Issues:
- 1) Existing in the state, currently, is roughly \$3.5 billion worth of school facilities. This includes almost \$750 million in school facilities which the state owns.
 - 2) The owners and operators of these facilities have a responsibility to manage the facilities to assure a safe environment which supports the educational program being conducted there.
 - 3) Facilities to support K-12 education need a long-term, stable source of funding to provide for capital additions, replacement and renewal.

Department of Education Beliefs and Assumptions Regarding Educational Facilities

- 1) Educational facilities should exist to support continuous learning in children.
- 2) Facilities should provide a safe environment for the educational program.
- 3) The state has a responsibility to provide for the capital needs of state owned facilities.
- 4) Technology is important in facilities to the extent that the use of the technology supports learning.
- 5) Maintenance and construction of facilities should reflect minimum standards established for all schools in the state.

Recommendations Regarding Facilities Issues

- 1) A long-term, stable source of funding for facilities' projects should be developed and implemented.
- 2) Projects should be funded in the priority order established by the statutorily established ranking system.
- 3) The department should continue development, review and adoption of facilities related standards.
- 4) As partnerships are established between family, school, community and business groups, the department should explore non-traditional facilities' plans as alternatives which might enhance student learning and offer this information to districts for their consideration.

ANALYSIS: Continued

The table provided below lists the projects that have been approved by the qualified voters and the bonds have been sold, but have not been approved by the Department of Education.

<u>District</u>	<u>Project Name</u>	<u>Amount</u>
Anchorage	DW Reroofing	\$6,765,000
Anchorage	DW Heating/Ventilation	\$9,450,000
Anchorage	Chugiak High School Septic Remediation	\$300,000
Anchorage	ADA DW Improvements per Transition Plan	\$500,000
Anchorage	DW Underground Tank Removal - Phase I	\$1,500,000
Anchorage	DW Fire Code Violations - Phase IV	\$652,000

The additional fiscal impact that these projects would have if included is listed below.

	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Fiscal Impact	0.0	7,510.4	7,298.2	7,085.9	6,873.7	6,661.4

There maybe other projects that have been approved by the qualified voters of the municipality that could be approved by the Department of Education that are not listed on this schedule. These projects would have been originally funded by 100% local participation and not reported to the department.

Prepared by: Michael Morgan, Facilities Manager
 Division: Education Support Services
 Approved by Commissioner: _____
 Agency: Education

Phone: 465-1858
 Date: _____
Shirley Holloway, Ph. D., Commissioner
 Date: _____

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ANALYSIS: Continued

There will be no fiscal impact until FY99 because request for an allocation of funds under AS 14.11.100 must be submitted to the department by the school district no later than October 15 of the prior fiscal year for which the request is made.

The table provided below lists the projects that have been approved by the department and the qualified voters.

<u>District</u>	<u>Project Name</u>	<u>Amount Approved By Department</u>
Mat-Su	Talkeetna School Renovation/Addition	\$6,230,474
Mat-Su	Meadow Lakes Elementary School	\$12,904,744
Mat-Su	Alasta Middle School	\$30,500,000

The table provided below lists the projects that have been approved by the qualified voters, but have not been approved by the Department of Education. These projects are potentially eligible for reimbursement.

<u>District</u>	<u>Project Name</u>	<u>Amount</u>
Anchorage	Taku Elementary Addition/Renovation	\$6,200,000
Anchorage	Plarmigan Elementary Renovation	\$2,700,000
Anchorage	Nunaka Valley Elementary Renewal/Upgrade	\$5,400,000
Anchorage	Ocean View Elementary Wall Construction	\$445,000
Anchorage	Scenic Park Elementary Renewal/Upgrade	\$4,000,000
Anchorage	Service High Renewal/Upgrade	\$750,000
Anchorage	Northern Lights ABC Replacement School	\$1,500,000
Anchorage	Fairview Elementary Replacement	\$1,500,000
Anchorage	DW Heating/Ventilation (Ocean View, Baxter, Taku)	\$2,000,000

Section 1 also adds a section 9 to AS 14.11.100(a) which allows up to 50% reimbursement for school construction debt approved by the qualified voters after July 1, 1997. There would be no fiscal impact until FY99 because a request for an allocation of funds under AS 14.11.100 must be submitted to the department by the school district no later than October 15 of the fiscal year before the fiscal year for which the request is made. The department has no approved projects that could be considered under section 9.

The Bill will expand the types of projects that can be approved under AS 14.11.100(j)(4). If a district can demonstrate that the project will reduce operating cost or that it will improve the instructional program the project can be approved under the new subsections.

The first year section 9 could have a fiscal impact is FY99. The department can not project the fiscal impact of the new section 9 until projects are submitted for approval under the new program.

Please see page 3 for continued analysis

Prepared by: Michael Morgan, Facilities Manager

Phone: 465-1858

Division: Education Support Services

Date: _____

Approved by Commissioner: _____

Shirley Holloway, Ph. D., Commissioner

Agency: Education

Date: _____

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FISCAL NOTE

STATE OF ALASKA

BILL NO. CS SB 11(FIN)

1997 LEGISLATIVE SESSION

Revision Date: April 21, 1997Title: An act relating to state aid for school construction
debt; and providing for an effective date.Sponsor: Senator HalfordRequester: Senate HESSDepartment Affected: EducationBRU: K-12 SupportComponent: Debt ReimbursementCOMPONENT SERIAL NO. 153

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0.0	5,967.5 - *	5,798.8 - *	5,630.2 - *	5,461.5 - *	5,292.9 - *
MISCELLANEOUS						
TOTAL OPERATING	0.0	5,967.5 - *	5,798.8 - *	5,630.2 - *	5,461.5 - *	5,292.9 - *

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

CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	5,967.5 - *	5,798.8 - *	5,630.2 - *	5,461.5 - *	5,292.9 - *
1005 GF/Program Receipts						
1030 School Fund						
Other						
TOTAL	0.0	5,967.5 - *	5,798.8 - *	5,630.2 - *	5,461.5 - *	5,292.9 - *

* There will be future costs for projects that are eligible for 50% reimbursement.

POSITIONS: The department cannot project the number or value of future requests.

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY97) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

Section 1 - amends AS 14.11.100(a) by adding section 8 which allows up to 70% reimbursement for school construction debt approved by the qualified voters after July 1, 1995 but before July 1, 1997. The Matanuska - Susitna Borough School District is the only district that has approved projects with the Department of Education that have voter approval. The Anchorage School District has projects that have been approved by the qualified voters, but have not been approved by the Department of Education. The projects total \$74,130,218 in reimbursable debt under section 8 as amended. The dollar amounts in this fiscal note only reflect the approved projects that relate to the retroactive portion of section 8.

Please see page 2 for list of projects and continued analysis

Prepared by: Michael Morgan, Facilities ManagerDivision: Education Support Services

Approved by Commissioner: _____

Agency: EducationPhone: 465-1858

Date: _____

Shirley Holloway, Ph. D., Commissioner

Date: _____

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ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



P.O. Box 113200
Juneau, AK 99811-3200
(907) 465-3795
FAX (907) 463-4885

MEMORANDUM

DATE: October 7, 1997

TO: Tom Williams, Legislative Aide
Senator Bert Sharp

FROM: Dave Tonkovich, Fiscal Analyst
Division of Legislative Finance

SUBJECT: Debt Service Projections-Alternative Scenarios

You asked for a debt service schedule on 10 year General Obligation bonds showing the effects of alternative interest rates and bond issue amounts. The Debt Service Manager is currently out of town so Ross Kinney, the Deputy Commissioner, provided the information. He has many demands on his time but was able to provide an abbreviated matrix (it takes about one-half hour to run each interest rate/ issue size scenario). Based on the results in the accompanying table it should be possible to provide workable interpolations for other rate/bond size combinations.

Mr. Kinney's view is that current interest rates are as low as rates are likely to go. As a consequence he did one scenario based on current rates and three scenarios adding 50, 100 and 200 basis points (.5, 1 and 2 percent) to the current rates. The coupon rates vary for each year of the bond issue with the out years carrying progressively higher rates. Both the beginning and ending coupon rates are shown on the table. Current rates are based on Municipal Market Data for 10/6/97. A copy of that printout is also attached.

Mr. Kinney offered two cautions which are worth passing on. First, if bonds were approved in November 1998 the earliest they could be sold would be in the January to March, 1999 period (there are some marketing advantages to issues during tax season). The interest rates prevailing at that time are likely to be significantly higher than current rates which are at a 25 year low. Second, the bonds are estimated on the assumption of an AA rating. Any deterioration in the State's financial position could lead to a lower rating and higher associated interest costs. His concern is that scenarios based on current low rates may be unrealistic if market conditions change. He expressed a willingness to work with us in refining any bond related proposals.

Please let me know if I can be of additional help on this issue.



[DATA-LINED MENU](#)
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[HISTORICAL PAGE](#)

AS OF 10/06/97



[Municipal Yield Curves as of 10/06/97]									
	General Obligations						Revenue		
	"AAA"	PRI RE INSURED	"AA"	"A"	"BAA"	HOS	ELEC	HSG	
1 1998	3.75	3.80	3.80	3.75	3.85	4.00	3.90	3.90	4.00
2 1999	3.90	3.95	4.00	3.95	4.10	4.15			
3 2000	4.00	4.05	4.10	4.05	4.20	4.30			
4 2001	4.05	4.10	4.15	4.10	4.25	4.45			
5 2002	4.15	4.20	4.25	4.20	4.35	4.55	4.40	4.40	4.55
6 2003	4.20	4.25	4.35	4.30	4.45	4.65			
7 2004	4.30	4.35	4.45	4.40	4.55	4.75			
8 2005	4.35		4.50	4.45	4.60	4.85			
9 2006	4.40		4.55	4.50	4.65	4.90			
10 2007	4.45		4.60	4.55	4.70	5.00	4.85	4.85	5.00
11 2008	4.58		4.75	4.68	4.83	5.10			
12 2009	4.70		4.90	4.80	5.00	5.20			
13 2010	4.80		5.00	4.90	5.10	5.30			
14 2011	4.85		5.05	4.95	5.15	5.35			
15 2012	4.90		5.10	5.00	5.20	5.40			

[Municipal Yield Curves as of 10/06/97]									
	General Obligations						Revenue		
	"AAA"	PRI RE INSURED	"AA"	"A"	"BAA"	HOS	ELEC	HSG	
16 2013	4.95		5.15	5.05	5.25	5.45			
17 2014	5.00		5.20	5.10	5.30	5.48			
18 2015	5.05		5.23	5.15	5.33	5.50			
19 2016	5.08		5.25	5.18	5.35	5.50			
20 2017	5.10		5.25	5.20	5.35	5.50	5.48	5.45	5.60
21 2018	5.10		5.25	5.20	5.35	5.50			
22 2019	5.13		5.28	5.23	5.38	5.53			
23 2020	5.15		5.30	5.25	5.40	5.53			
24 2021	5.15		5.30	5.25	5.40	5.53			
25 2022	5.15		5.30	5.25	5.40	5.53			
26 2023	5.18		5.30	5.28	5.40	5.53			
27 2024	5.18		5.30	5.28	5.40	5.53			
28 2025	5.18		5.30	5.28	5.40	5.53			
29 2026	5.18		5.30	5.28	5.40	5.53			
30 2027	5.18		5.30	5.28	5.40	5.53	5.53	5.50	5.65



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State of Alaska
AA General Obligation Bonds
Current Interest Rates As Of 10/7/1997
=====

Debt Service Schedule
=====

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			1,107,803.00	1,107,803.00	
3/ 1/ 0	4,115,000.00	4.050000	1,107,803.00	5,222,803.00	6,330,606.00
9/ 1/ 0			1,024,474.25	1,024,474.25	
3/ 1/ 1	4,280,000.00	4.100000	1,024,474.25	5,304,474.25	6,328,948.50
9/ 1/ 1			936,734.25	936,734.25	
3/ 1/ 2	4,455,000.00	4.200000	936,734.25	5,391,734.25	6,328,468.50
9/ 1/ 2			843,179.25	843,179.25	
3/ 1/ 3	4,645,000.00	4.300000	843,179.25	5,488,179.25	6,331,358.50
9/ 1/ 3			743,311.75	743,311.75	
3/ 1/ 4	4,840,000.00	4.400000	743,311.75	5,583,311.75	6,326,623.50
9/ 1/ 4			636,831.75	636,831.75	
3/ 1/ 5	5,055,000.00	4.450000	636,831.75	5,691,831.75	6,328,663.50
9/ 1/ 5			524,358.00	524,358.00	
3/ 1/ 6	5,280,000.00	4.500000	524,358.00	5,804,358.00	6,328,716.00
9/ 1/ 6			405,558.00	405,558.00	
3/ 1/ 7	5,520,000.00	4.550000	405,558.00	5,925,558.00	6,331,116.00
9/ 1/ 7			279,978.00	279,978.00	
3/ 1/ 8	5,770,000.00	4.680000	279,978.00	6,049,978.00	6,329,956.00
9/ 1/ 8			144,960.00	144,960.00	
3/ 1/ 9	6,040,000.00	4.800000	144,960.00	6,184,960.00	6,329,920.00
	50,000,000.00		13,294,376.50	63,294,376.50	
ACCRUED					
	50,000,000.00		13,294,376.50	63,294,376.50	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 292,600.000
Average Coupon 4.543533
Average Life 5.852000
N I C % 4.543533 % Using 100.0000000
T I C % 4.533621 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:10:39 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates As Of 10/7/1997
=====

Debt Service Schedule
=====

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			1,661,704.50	1,661,704.50	
3/ 1/ 0	6,170,000.00	4.050000	1,661,704.50	7,831,704.50	9,493,409.00
9/ 1/ 0			1,536,762.00	1,536,762.00	
3/ 1/ 1	6,420,000.00	4.100000	1,536,762.00	7,956,762.00	9,493,524.00
9/ 1/ 1			1,405,152.00	1,405,152.00	
3/ 1/ 2	6,685,000.00	4.200000	1,405,152.00	8,090,152.00	9,495,304.00
9/ 1/ 2			1,264,767.00	1,264,767.00	
3/ 1/ 3	6,965,000.00	4.300000	1,264,767.00	8,229,767.00	9,494,534.00
9/ 1/ 3			1,115,019.50	1,115,019.50	
3/ 1/ 4	7,265,000.00	4.400000	1,115,019.50	8,380,019.50	9,495,039.00
9/ 1/ 4			955,189.50	955,189.50	
3/ 1/ 5	7,585,000.00	4.450000	955,189.50	8,540,189.50	9,495,379.00
9/ 1/ 5			786,423.25	786,423.25	
3/ 1/ 6	7,920,000.00	4.500000	786,423.25	8,706,423.25	9,492,846.50
9/ 1/ 6			608,223.25	608,223.25	
3/ 1/ 7	8,275,000.00	4.550000	608,223.25	8,883,223.25	9,491,446.50
9/ 1/ 7			419,967.00	419,967.00	
3/ 1/ 8	8,655,000.00	4.680000	419,967.00	9,074,967.00	9,494,934.00
9/ 1/ 8			217,440.00	217,440.00	
3/ 1/ 9	9,060,000.00	4.800000	217,440.00	9,277,440.00	9,494,880.00
	75,000,000.00		19,941,296.00	94,941,296.00	
ACCRUED	75,000,000.00		19,941,296.00	94,941,296.00	
	=====		=====	=====	

Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 438.895000
Average Coupon 4.543523
Average Life 5.851933
N I C ‡ 4.543523 ‡ Using 100.0000000
T I C ‡ 4.533611 ‡ From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:13:06 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates As Of 10/7/1997

=====

Debt Service Schedule

=====

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			2,215,599.75	2,215,599.75	
3/ 1/ 0	8,230,000.00	4.050000	2,215,599.75	10,445,599.75	12,661,199.50
9/ 1/ 0			2,048,942.25	2,048,942.25	
3/ 1/ 1	8,560,000.00	4.100000	2,048,942.25	10,608,942.25	12,657,884.50
9/ 1/ 1			1,873,462.25	1,873,462.25	
3/ 1/ 2	8,915,000.00	4.200000	1,873,462.25	10,788,462.25	12,661,924.50
9/ 1/ 2			1,686,247.25	1,686,247.25	
3/ 1/ 3	9,285,000.00	4.300000	1,686,247.25	10,971,247.25	12,657,494.50
9/ 1/ 3			1,486,619.75	1,486,619.75	
3/ 1/ 4	9,685,000.00	4.400000	1,486,619.75	11,171,619.75	12,658,239.50
9/ 1/ 4			1,273,549.75	1,273,549.75	
3/ 1/ 5	10,110,000.00	4.450000	1,273,549.75	11,383,549.75	12,657,099.50
9/ 1/ 5			1,048,602.25	1,048,602.25	
3/ 1/ 6	10,560,000.00	4.500000	1,048,602.25	11,608,602.25	12,657,204.50
9/ 1/ 6			811,002.25	811,002.25	
3/ 1/ 7	11,035,000.00	4.550000	811,002.25	11,846,002.25	12,657,004.50
9/ 1/ 7			559,956.00	559,956.00	
3/ 1/ 8	11,540,000.00	4.680000	559,956.00	12,099,956.00	12,659,912.00
9/ 1/ 8			289,920.00	289,920.00	
3/ 1/ 9	12,080,000.00	4.800000	289,920.00	12,369,920.00	12,659,840.00
	100,000,000.00		26,587,803.00	126,587,803.00	
ACCRUED	100,000,000.00		26,587,803.00	126,587,803.00	
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Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 585,180.000
Average Coupon 4.543526
Average Life 5.851800
M I C % 4.543526 % Using 100.0000000
T I C % 4.533613 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:14:37 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			2,769,507.50	2,769,507.50	
3/ 1/ 0	10,285,000.00	4.050000	2,769,507.50	13,054,507.50	15,824,015.00
9/ 1/ 0			2,561,236.25	2,561,236.25	
3/ 1/ 1	10,700,000.00	4.100000	2,561,236.25	13,261,236.25	15,822,472.50
9/ 1/ 1			2,341,886.25	2,341,886.25	
3/ 1/ 2	11,140,000.00	4.200000	2,341,886.25	13,481,886.25	15,823,772.50
9/ 1/ 2			2,107,946.25	2,107,946.25	
3/ 1/ 3	11,610,000.00	4.300000	2,107,946.25	13,717,946.25	15,825,892.50
9/ 1/ 3			1,858,331.25	1,858,331.25	
3/ 1/ 4	12,105,000.00	4.400000	1,858,331.25	13,963,331.25	15,821,662.50
9/ 1/ 4			1,592,021.25	1,592,021.25	
3/ 1/ 5	12,640,000.00	4.450000	1,592,021.25	14,232,021.25	15,824,042.50
9/ 1/ 5			1,310,781.25	1,310,781.25	
3/ 1/ 6	13,200,000.00	4.500000	1,310,781.25	14,510,781.25	15,821,562.50
9/ 1/ 6			1,013,781.25	1,013,781.25	
3/ 1/ 7	13,795,000.00	4.550000	1,013,781.25	14,808,781.25	15,822,562.50
9/ 1/ 7			699,945.00	699,945.00	
3/ 1/ 8	14,425,000.00	4.680000	699,945.00	15,124,945.00	15,824,890.00
9/ 1/ 8			362,400.00	362,400.00	
3/ 1/ 9	15,100,000.00	4.800000	362,400.00	15,462,400.00	15,824,800.00
	125,000,000.00		33,235,672.50	158,235,672.50	
ACCURED	125,000,000.00		33,235,672.50	158,235,672.50	
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Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 731,495.000
Average Coupon 4.543527
Average Life 5.851960
N I C 4.543527 % Using 100.0000000
T I C 4.533615 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:16:10 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			3,323,411.50	3,323,411.50	
3/ 1/ 0	12,340,000.00	4.050000	3,323,411.50	15,663,411.50	18,986,823.00
9/ 1/ 0			3,073,526.50	3,073,526.50	
3/ 1/ 1	12,840,000.00	4.100000	3,073,526.50	15,913,526.50	18,987,053.00
9/ 1/ 1			2,810,306.50	2,810,306.50	
3/ 1/ 2	13,370,000.00	4.200000	2,810,306.50	16,180,306.50	18,990,613.00
9/ 1/ 2			2,529,536.50	2,529,536.50	
3/ 1/ 3	13,930,000.00	4.300000	2,529,536.50	16,459,536.50	18,989,073.00
9/ 1/ 3			2,230,041.50	2,230,041.50	
3/ 1/ 4	14,530,000.00	4.400000	2,230,041.50	16,760,041.50	18,990,083.00
9/ 1/ 4			1,910,381.50	1,910,381.50	
3/ 1/ 5	15,165,000.00	4.450000	1,910,381.50	17,075,381.50	18,985,763.00
9/ 1/ 5			1,572,960.25	1,572,960.25	
3/ 1/ 6	15,840,000.00	4.500000	1,572,960.25	17,412,960.25	18,985,920.50
9/ 1/ 6			1,216,560.25	1,216,560.25	
3/ 1/ 7	16,555,000.00	4.550000	1,216,560.25	17,771,560.25	18,988,120.50
9/ 1/ 7			839,934.00	839,934.00	
3/ 1/ 8	17,310,000.00	4.680000	839,934.00	18,149,934.00	18,989,868.00
9/ 1/ 8			434,880.00	434,880.00	
3/ 1/ 9	18,120,000.00	4.800000	434,880.00	18,554,880.00	18,989,760.00
	150,000,000.00		39,883,077.00	189,883,077.00	
ACCRUED	150,000,000.00		39,883,077.00	189,883,077.00	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 877,800.000
Average Coupon 4.543527
Average Life 5.852000
N I C 4.543527 ‡ Using 100.0000000
T I C 4.533615 ‡ From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:17:21 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			3,877,313.00	3,877,313.00	
3/ 1/ 0	14,400,000.00	4.050000	3,877,313.00	18,277,313.00	22,154,626.00
9/ 1/ 0			3,585,713.00	3,585,713.00	
3/ 1/ 1	14,980,000.00	4.100000	3,585,713.00	18,565,713.00	22,151,426.00
9/ 1/ 1			3,278,623.00	3,278,623.00	
3/ 1/ 2	15,595,000.00	4.200000	3,278,623.00	18,873,623.00	22,152,246.00
9/ 1/ 2			2,951,128.00	2,951,128.00	
3/ 1/ 3	16,250,000.00	4.300000	2,951,128.00	19,201,128.00	22,152,256.00
9/ 1/ 3			2,601,753.00	2,601,753.00	
3/ 1/ 4	16,950,000.00	4.400000	2,601,753.00	19,551,753.00	22,153,506.00
9/ 1/ 4			2,228,853.00	2,228,853.00	
3/ 1/ 5	17,695,000.00	4.450000	2,228,853.00	19,923,853.00	22,152,706.00
9/ 1/ 5			1,835,139.25	1,835,139.25	
3/ 1/ 6	18,480,000.00	4.500000	1,835,139.25	20,315,139.25	22,150,278.50
9/ 1/ 6			1,419,339.25	1,419,339.25	
3/ 1/ 7	19,315,000.00	4.550000	1,419,339.25	20,734,339.25	22,153,678.50
9/ 1/ 7			979,923.00	979,923.00	
3/ 1/ 8	20,195,000.00	4.680000	979,923.00	21,174,923.00	22,154,846.00
9/ 1/ 8			507,360.00	507,360.00	
3/ 1/ 9	21,140,000.00	4.800000	507,360.00	21,647,360.00	22,154,720.00
	175,000,000.00		46,530,289.00	221,530,289.00	
ACCRUED	175,000,000.00		46,530,289.00	221,530,289.00	
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Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 1,024,100.000
Average Coupon 4.543530
Average Life 5.852000
N I C 4.543530 ‡ Using 100.0000000
T I C 4.533618 ‡ From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:18:32 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			4,431,213.75	4,431,213.75	
3/ 1/ 0	16,455,000.00	4.050000	4,431,213.75	20,886,213.75	25,317,427.50
9/ 1/ 0			4,098,000.00	4,098,000.00	
3/ 1/ 1	17,120,000.00	4.100000	4,098,000.00	21,218,000.00	25,316,000.00
9/ 1/ 1			3,747,040.00	3,747,040.00	
3/ 1/ 2	17,825,000.00	4.200000	3,747,040.00	21,572,040.00	25,319,080.00
9/ 1/ 2			3,372,715.00	3,372,715.00	
3/ 1/ 3	18,570,000.00	4.300000	3,372,715.00	21,942,715.00	25,315,430.00
9/ 1/ 3			2,973,460.00	2,973,460.00	
3/ 1/ 4	19,370,000.00	4.400000	2,973,460.00	22,343,460.00	25,316,920.00
9/ 1/ 4			2,547,320.00	2,547,320.00	
3/ 1/ 5	20,225,000.00	4.450000	2,547,320.00	22,772,320.00	25,319,640.00
9/ 1/ 5			2,097,313.75	2,097,313.75	
3/ 1/ 6	21,125,000.00	4.500000	2,097,313.75	23,222,313.75	25,319,627.50
9/ 1/ 6			1,622,001.25	1,622,001.25	
3/ 1/ 7	22,075,000.00	4.550000	1,622,001.25	23,697,001.25	25,319,002.50
9/ 1/ 7			1,119,795.00	1,119,795.00	
3/ 1/ 8	23,075,000.00	4.680000	1,119,795.00	24,194,795.00	25,314,590.00
9/ 1/ 8			579,840.00	579,840.00	
3/ 1/ 9	24,160,000.00	4.800000	579,840.00	24,739,840.00	25,319,680.00
	200,000,000.00		53,177,397.50	253,177,397.50	
ACCRUED	200,000,000.00		53,177,397.50	253,177,397.50	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 1,170,400.000
Average Coupon 4.543523
Average Life 5.852000
M I C 4.543523 ‡ Using 100.0000000
T I C 4.533612 ‡ From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:20:30 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +50 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			1,233,588.25	1,233,588.25	
3/ 1/ 0	4,020,000.00	4.550000	1,233,588.25	5,253,588.25	6,487,176.50
9/ 1/ 0			1,142,133.25	1,142,133.25	
3/ 1/ 1	4,200,000.00	4.600000	1,142,133.25	5,342,133.25	6,484,266.50
9/ 1/ 1			1,045,533.25	1,045,533.25	
3/ 1/ 2	4,395,000.00	4.700000	1,045,533.25	5,440,533.25	6,486,066.50
9/ 1/ 2			942,250.75	942,250.75	
3/ 1/ 3	4,600,000.00	4.800000	942,250.75	5,542,250.75	6,484,501.50
9/ 1/ 3			831,850.75	831,850.75	
3/ 1/ 4	4,825,000.00	4.900000	831,850.75	5,656,850.75	6,488,701.50
9/ 1/ 4			713,638.25	713,638.25	
3/ 1/ 5	5,060,000.00	4.950000	713,638.25	5,773,638.25	6,487,276.50
9/ 1/ 5			588,403.25	588,403.25	
3/ 1/ 6	5,310,000.00	5.000000	588,403.25	5,898,403.25	6,486,806.50
9/ 1/ 6			455,653.25	455,653.25	
3/ 1/ 7	5,575,000.00	5.050000	455,653.25	6,030,653.25	6,486,306.50
9/ 1/ 7			314,884.50	314,884.50	
3/ 1/ 8	5,855,000.00	5.180000	314,884.50	6,169,884.50	6,484,769.00
9/ 1/ 8			163,240.00	163,240.00	
3/ 1/ 9	6,160,000.00	5.300000	163,240.00	6,323,240.00	6,486,480.00
	50,000,000.00		14,862,351.00	64,862,351.00	
ACCRUED	50,000,000.00		14,862,351.00	64,862,351.00	

Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 294,555.000
Average Coupon 5.045696
Average Life 5.891100
W I C % 5.045696 % Using 100.0000000
T I C % 5.034822 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:26:58 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +50 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			1,850,379.00	1,850,379.00	
3/ 1/ 0	6,030,000.00	4.550000	1,850,379.00	7,880,379.00	9,730,758.00
9/ 1/ 0			1,713,196.50	1,713,196.50	
3/ 1/ 1	6,305,000.00	4.600000	1,713,196.50	8,018,196.50	9,731,393.00
9/ 1/ 1			1,568,181.50	1,568,181.50	
3/ 1/ 2	6,590,000.00	4.700000	1,568,181.50	8,158,181.50	9,726,363.00
9/ 1/ 2			1,413,316.50	1,413,316.50	
3/ 1/ 3	6,900,000.00	4.800000	1,413,316.50	8,313,316.50	9,726,633.00
9/ 1/ 3			1,247,716.50	1,247,716.50	
3/ 1/ 4	7,235,000.00	4.900000	1,247,716.50	8,482,716.50	9,730,433.00
9/ 1/ 4			1,070,459.00	1,070,459.00	
3/ 1/ 5	7,590,000.00	4.950000	1,070,459.00	8,660,459.00	9,730,918.00
9/ 1/ 5			882,606.50	882,606.50	
3/ 1/ 6	7,965,000.00	5.000000	882,606.50	8,847,606.50	9,730,213.00
9/ 1/ 6			683,481.50	683,481.50	
3/ 1/ 7	8,360,000.00	5.050000	683,481.50	9,043,481.50	9,726,963.00
9/ 1/ 7			472,391.50	472,391.50	
3/ 1/ 8	8,785,000.00	5.180000	472,391.50	9,257,391.50	9,729,783.00
9/ 1/ 8			244,860.00	244,860.00	
3/ 1/ 9	9,240,000.00	5.300000	244,860.00	9,484,860.00	9,729,720.00
	75,000,000.00		22,293,177.00	97,293,177.00	
ACCRUED	75,000,000.00		22,293,177.00	97,293,177.00	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 441,825.000
Average Coupon 5.045703
Average Life 5.891000
M I C ‡ 5.045703 ‡ Using 100.0000000
T I C ‡ 5.034828 ‡ From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:25:52 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +50 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			2,467,165.25	2,467,165.25	
3/ 1/ 0	8,040,000.00	4.550000	2,467,165.25	10,507,165.25	12,974,330.50
9/ 1/ 0			2,284,255.25	2,284,255.25	
3/ 1/ 1	8,405,000.00	4.600000	2,284,255.25	10,689,255.25	12,973,510.50
9/ 1/ 1			2,090,940.25	2,090,940.25	
3/ 1/ 2	8,790,000.00	4.700000	2,090,940.25	10,880,940.25	12,971,880.50
9/ 1/ 2			1,884,375.25	1,884,375.25	
3/ 1/ 3	9,205,000.00	4.800000	1,884,375.25	11,089,375.25	12,973,750.50
9/ 1/ 3			1,663,455.25	1,663,455.25	
3/ 1/ 4	9,645,000.00	4.900000	1,663,455.25	11,308,455.25	12,971,910.50
9/ 1/ 4			1,427,152.75	1,427,152.75	
3/ 1/ 5	10,115,000.00	4.950000	1,427,152.75	11,542,152.75	12,969,305.50
9/ 1/ 5			1,176,806.50	1,176,806.50	
3/ 1/ 6	10,620,000.00	5.000000	1,176,806.50	11,796,806.50	12,973,613.00
9/ 1/ 6			911,306.50	911,306.50	
3/ 1/ 7	11,150,000.00	5.050000	911,306.50	12,061,306.50	12,972,613.00
9/ 1/ 7			629,769.00	629,769.00	
3/ 1/ 8	11,710,000.00	5.180000	629,769.00	12,339,769.00	12,969,538.00
9/ 1/ 8			326,480.00	326,480.00	
3/ 1/ 9	12,320,000.00	5.300000	326,480.00	12,646,480.00	12,972,960.00
	100,000,000.00		29,723,412.00	129,723,412.00	
ACCRUED					
	100,000,000.00		29,723,412.00	129,723,412.00	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 589,085.000
Average Coupon 5.045692
Average Life 5.890850
M I C 5.045692 ‡ Using 100.0000000
T I C 5.034816 ‡ From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:25:01 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +50 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			3,083,958.50	3,083,958.50	
3/ 1/ 0	10,050,000.00	4.550000	3,083,958.50	13,133,958.50	16,217,917.00
9/ 1/ 0			2,855,321.00	2,855,321.00	
3/ 1/ 1	10,505,000.00	4.600000	2,855,321.00	13,360,321.00	16,215,642.00
9/ 1/ 1			2,613,706.00	2,613,706.00	
3/ 1/ 2	10,990,000.00	4.700000	2,613,706.00	13,603,706.00	16,217,412.00
9/ 1/ 2			2,355,441.00	2,355,441.00	
3/ 1/ 3	11,505,000.00	4.800000	2,355,441.00	13,860,441.00	16,215,882.00
9/ 1/ 3			2,079,321.00	2,079,321.00	
3/ 1/ 4	12,055,000.00	4.900000	2,079,321.00	14,134,321.00	16,213,642.00
9/ 1/ 4			1,783,973.50	1,783,973.50	
3/ 1/ 5	12,645,000.00	4.950000	1,783,973.50	14,428,973.50	16,212,947.00
9/ 1/ 5			1,471,009.75	1,471,009.75	
3/ 1/ 6	13,275,000.00	5.000000	1,471,009.75	14,746,009.75	16,217,019.50
9/ 1/ 6			1,139,134.75	1,139,134.75	
3/ 1/ 7	13,935,000.00	5.050000	1,139,134.75	15,074,134.75	16,213,269.50
9/ 1/ 7			787,276.00	787,276.00	
3/ 1/ 8	14,640,000.00	5.180000	787,276.00	15,427,276.00	16,214,552.00
9/ 1/ 8			408,100.00	408,100.00	
3/ 1/ 9	15,400,000.00	5.300000	408,100.00	15,808,100.00	16,216,200.00
	125,000,000.00		37,154,483.00	162,154,483.00	
ACCRUED	125,000,000.00		37,154,483.00	162,154,483.00	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 736,360.000
Average Coupon 5.045695
Average Life 5.890880
M I C % 5.045695 % Using 100.0000000
T I C % 5.034820 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:23:57 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +50 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			3,700,769.25	3,700,769.25	
3/ 1/ 0	12,055,000.00	4.550000	3,700,769.25	15,755,769.25	19,456,538.50
9/ 1/ 0			3,426,518.00	3,426,518.00	
3/ 1/ 1	12,605,000.00	4.600000	3,426,518.00	16,031,518.00	19,458,036.00
9/ 1/ 1			3,136,603.00	3,136,603.00	
3/ 1/ 2	13,185,000.00	4.700000	3,136,603.00	16,321,603.00	19,458,206.00
9/ 1/ 2			2,826,755.50	2,826,755.50	
3/ 1/ 3	13,805,000.00	4.800000	2,826,755.50	16,631,755.50	19,458,511.00
9/ 1/ 3			2,495,435.50	2,495,435.50	
3/ 1/ 4	14,470,000.00	4.900000	2,495,435.50	16,965,435.50	19,460,871.00
9/ 1/ 4			2,140,920.50	2,140,920.50	
3/ 1/ 5	15,175,000.00	4.950000	2,140,920.50	17,315,920.50	19,456,841.00
9/ 1/ 5			1,765,339.25	1,765,339.25	
3/ 1/ 6	15,930,000.00	5.000000	1,765,339.25	17,695,339.25	19,460,678.50
9/ 1/ 6			1,367,089.25	1,367,089.25	
3/ 1/ 7	16,725,000.00	5.050000	1,367,089.25	18,092,089.25	19,459,178.50
9/ 1/ 7			944,783.00	944,783.00	
3/ 1/ 8	17,570,000.00	5.180000	944,783.00	18,514,783.00	19,459,566.00
9/ 1/ 8			489,720.00	489,720.00	
3/ 1/ 9	18,480,000.00	5.300000	489,720.00	18,969,720.00	19,459,440.00
	150,000,000.00		44,587,866.50	194,587,866.50	
ACCRUED	150,000,000.00		44,587,866.50	194,587,866.50	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 883,680.000
Average Coupon 5.045703
Average Life 5.891200
M I C % 5.045703 % Using 100.0000000
T I C % 5.034828 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:22:57 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +50 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			4,317,562.50	4,317,562.50	
3/ 1/ 0	14,065,000.00	4.550000	4,317,562.50	18,382,562.50	22,700,125.00
9/ 1/ 0			3,997,583.75	3,997,583.75	
3/ 1/ 1	14,705,000.00	4.600000	3,997,583.75	18,702,583.75	22,700,167.50
9/ 1/ 1			3,659,368.75	3,659,368.75	
3/ 1/ 2	15,385,000.00	4.700000	3,659,368.75	19,044,368.75	22,703,737.50
9/ 1/ 2			3,297,821.25	3,297,821.25	
3/ 1/ 3	16,105,000.00	4.800000	3,297,821.25	19,402,821.25	22,700,642.50
9/ 1/ 3			2,911,301.25	2,911,301.25	
3/ 1/ 4	16,880,000.00	4.900000	2,911,301.25	19,791,301.25	22,702,602.50
9/ 1/ 4			2,497,741.25	2,497,741.25	
3/ 1/ 5	17,705,000.00	4.950000	2,497,741.25	20,202,741.25	22,700,482.50
9/ 1/ 5			2,059,542.50	2,059,542.50	
3/ 1/ 6	18,585,000.00	5.000000	2,059,542.50	20,644,542.50	22,704,085.00
9/ 1/ 6			1,594,917.50	1,594,917.50	
3/ 1/ 7	19,510,000.00	5.050000	1,594,917.50	21,104,917.50	22,699,835.00
9/ 1/ 7			1,102,290.00	1,102,290.00	
3/ 1/ 8	20,500,000.00	5.180000	1,102,290.00	21,602,290.00	22,704,580.00
9/ 1/ 8			571,340.00	571,340.00	
3/ 1/ 9	21,560,000.00	5.300000	571,340.00	22,131,340.00	22,702,680.00
	175,000,000.00		52,018,937.50	227,018,937.50	
ACCRUED	175,000,000.00		52,018,937.50	227,018,937.50	
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Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 1,030,955.000
Average Coupon 5.045704
Average Life 5.891171
N I C % 5.045704 % Using 100.0000000
T I C % 5.034829 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:22:03 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +50 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			4,943,629.75	4,943,629.75	
3/ 1/ 0	14,985,000.00	4.550000	4,943,629.75	19,928,629.75	24,872,259.50
9/ 1/ 0			4,602,721.00	4,602,721.00	
3/ 1/ 1	15,890,000.00	4.600000	4,602,721.00	20,492,721.00	25,095,442.00
9/ 1/ 1			4,237,251.00	4,237,251.00	
3/ 1/ 2	16,860,000.00	4.700000	4,237,251.00	21,097,251.00	25,334,502.00
9/ 1/ 2			3,841,041.00	3,841,041.00	
3/ 1/ 3	17,905,000.00	4.800000	3,841,041.00	21,746,041.00	25,587,082.00
9/ 1/ 3			3,411,321.00	3,411,321.00	
3/ 1/ 4	19,035,000.00	4.900000	3,411,321.00	22,446,321.00	25,857,642.00
9/ 1/ 4			2,944,963.50	2,944,963.50	
3/ 1/ 5	20,250,000.00	4.950000	2,944,963.50	23,194,963.50	26,139,927.00
9/ 1/ 5			2,443,776.00	2,443,776.00	
3/ 1/ 6	21,555,000.00	5.000000	2,443,776.00	23,998,776.00	26,442,552.00
9/ 1/ 6			1,904,901.00	1,904,901.00	
3/ 1/ 7	22,960,000.00	5.050000	1,904,901.00	24,864,901.00	26,769,802.00
9/ 1/ 7			1,325,161.00	1,325,161.00	
3/ 1/ 8	24,465,000.00	5.180000	1,325,161.00	25,790,161.00	27,115,322.00
9/ 1/ 8			691,517.50	691,517.50	
3/ 1/ 9	26,095,000.00	5.300000	691,517.50	26,786,517.50	27,478,035.00
	200,000,000.00		60,692,565.50	260,692,565.50	
ACCRUED	200,000,000.00		60,692,565.50	260,692,565.50	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 1,201,340.000
Average Coupon 5.052072
Average Life 6.006700
M I C 5.052072 : Using 100.0000000
T I C 5.041415 : From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:20:17 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +100 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			1,359,369.25	1,359,369.25	
3/ 1/ 0	3,925,000.00	5.050000	1,359,369.25	5,284,369.25	6,643,738.50
9/ 1/ 0			1,260,263.00	1,260,263.00	
3/ 1/ 1	4,125,000.00	5.100000	1,260,263.00	5,385,263.00	6,645,526.00
9/ 1/ 1			1,155,075.50	1,155,075.50	
3/ 1/ 2	4,335,000.00	5.200000	1,155,075.50	5,490,075.50	6,645,151.00
9/ 1/ 2			1,042,365.50	1,042,365.50	
3/ 1/ 3	4,560,000.00	5.300000	1,042,365.50	5,602,365.50	6,644,731.00
9/ 1/ 3			921,525.50	921,525.50	
3/ 1/ 4	4,800,000.00	5.400000	921,525.50	5,721,525.50	6,643,051.00
9/ 1/ 4			791,925.50	791,925.50	
3/ 1/ 5	5,060,000.00	5.450000	791,925.50	5,851,925.50	6,643,851.00
9/ 1/ 5			654,040.50	654,040.50	
3/ 1/ 6	5,340,000.00	5.500000	654,040.50	5,994,040.50	6,648,081.00
9/ 1/ 6			507,190.50	507,190.50	
3/ 1/ 7	5,630,000.00	5.550000	507,190.50	6,137,190.50	6,644,381.00
9/ 1/ 7			350,958.00	350,958.00	
3/ 1/ 8	5,945,000.00	5.680000	350,958.00	6,295,958.00	6,646,916.00
9/ 1/ 8			182,120.00	182,120.00	
3/ 1/ 9	6,280,000.00	5.800000	182,120.00	6,462,120.00	6,644,240.00
	50,000,000.00		16,449,666.50	66,449,666.50	
ACCRUED	50,000,000.00		16,449,666.50	66,449,666.50	
	=====		=====	=====	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 296,505.000
Average Coupon 5.547855
Average Life 5.930100
N I C : 5.547855 : Using 100.0000000
T I C : 5.536043 : From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:04:11 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +100 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			2,039,044.75	2,039,044.75	
3/ 1/ 0	5,890,000.00	5.050000	2,039,044.75	7,929,044.75	9,968,089.50
9/ 1/ 0			1,890,322.25	1,890,322.25	
3/ 1/ 1	6,185,000.00	5.100000	1,890,322.25	8,075,322.25	9,965,644.50
9/ 1/ 1			1,732,604.75	1,732,604.75	
3/ 1/ 2	6,505,000.00	5.200000	1,732,604.75	8,237,604.75	9,970,209.50
9/ 1/ 2			1,563,474.75	1,563,474.75	
3/ 1/ 3	6,840,000.00	5.300000	1,563,474.75	8,403,474.75	9,966,949.50
9/ 1/ 3			1,382,214.75	1,382,214.75	
3/ 1/ 4	7,205,000.00	5.400000	1,382,214.75	8,587,214.75	9,969,429.50
9/ 1/ 4			1,187,679.75	1,187,679.75	
3/ 1/ 5	7,590,000.00	5.450000	1,187,679.75	8,777,679.75	9,965,359.50
9/ 1/ 5			980,852.25	980,852.25	
3/ 1/ 6	8,005,000.00	5.500000	980,852.25	8,985,852.25	9,966,704.50
9/ 1/ 6			760,714.75	760,714.75	
3/ 1/ 7	8,445,000.00	5.550000	760,714.75	9,205,714.75	9,966,429.50
9/ 1/ 7			526,366.00	526,366.00	
3/ 1/ 8	8,915,000.00	5.680000	526,366.00	9,441,366.00	9,967,732.00
9/ 1/ 8			273,180.00	273,180.00	
3/ 1/ 9	9,420,000.00	5.800000	273,180.00	9,693,180.00	9,966,360.00
	75,000,000.00		24,672,908.00	99,672,908.00	
ACCRUED	75,000,000.00		24,672,908.00	99,672,908.00	
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Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 444,730.000
Average Coupon 5.547840
Average Life 5.929733
N I C % 5.547840 % Using 100.0000000
T I C % 5.536027 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:02:02 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +100 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			2,718,730.25	2,718,730.25	
3/ 1/ 0	7,850,000.00	5.050000	2,718,730.25	10,568,730.25	13,287,460.50
9/ 1/ 0			2,520,517.75	2,520,517.75	
3/ 1/ 1	8,250,000.00	5.100000	2,520,517.75	10,770,517.75	13,291,035.50
9/ 1/ 1			2,310,142.75	2,310,142.75	
3/ 1/ 2	8,670,000.00	5.200000	2,310,142.75	10,980,142.75	13,290,285.50
9/ 1/ 2			2,084,722.75	2,084,722.75	
3/ 1/ 3	9,120,000.00	5.300000	2,084,722.75	11,204,722.75	13,289,445.50
9/ 1/ 3			1,843,042.75	1,843,042.75	
3/ 1/ 4	9,605,000.00	5.400000	1,843,042.75	11,448,042.75	13,291,085.50
9/ 1/ 4			1,583,707.75	1,583,707.75	
3/ 1/ 5	10,125,000.00	5.450000	1,583,707.75	11,708,707.75	13,292,415.50
9/ 1/ 5			1,307,801.50	1,307,801.50	
3/ 1/ 6	10,675,000.00	5.500000	1,307,801.50	11,982,801.50	13,290,603.00
9/ 1/ 6			1,014,239.00	1,014,239.00	
3/ 1/ 7	11,260,000.00	5.550000	1,014,239.00	12,274,239.00	13,288,478.00
9/ 1/ 7			701,774.00	701,774.00	
3/ 1/ 8	11,885,000.00	5.680000	701,774.00	12,586,774.00	13,288,548.00
9/ 1/ 8			364,240.00	364,240.00	
3/ 1/ 9	12,560,000.00	5.800000	364,240.00	12,924,240.00	13,288,480.00
	100,000,000.00		32,897,837.00	132,897,837.00	
ACCRUED	100,000,000.00		32,897,837.00	132,897,837.00	
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Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 592,985.000
Average Coupon 5.547836
Average Life 5.929850
M I C % 5.547836 % Using 100.0000000
T I C % 5.536024 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:03:05 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +100 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			3,398,420.25	3,398,420.25	
3/ 1/ 0	9,815,000.00	5.050000	3,398,420.25	13,213,420.25	16,611,840.50
9/ 1/ 0			3,150,591.50	3,150,591.50	
3/ 1/ 1	10,310,000.00	5.100000	3,150,591.50	13,460,591.50	16,611,183.00
9/ 1/ 1			2,887,686.50	2,887,686.50	
3/ 1/ 2	10,835,000.00	5.200000	2,887,686.50	13,722,686.50	16,610,373.00
9/ 1/ 2			2,605,976.50	2,605,976.50	
3/ 1/ 3	11,400,000.00	5.300000	2,605,976.50	14,005,976.50	16,611,953.00
9/ 1/ 3			2,303,876.50	2,303,876.50	
3/ 1/ 4	12,005,000.00	5.400000	2,303,876.50	14,308,876.50	16,612,753.00
9/ 1/ 4			1,979,741.50	1,979,741.50	
3/ 1/ 5	12,655,000.00	5.450000	1,979,741.50	14,634,741.50	16,614,483.00
9/ 1/ 5			1,634,892.75	1,634,892.75	
3/ 1/ 6	13,345,000.00	5.500000	1,634,892.75	14,979,892.75	16,614,785.50
9/ 1/ 6			1,267,905.25	1,267,905.25	
3/ 1/ 7	14,075,000.00	5.550000	1,267,905.25	15,342,905.25	16,610,810.50
9/ 1/ 7			877,324.00	877,324.00	
3/ 1/ 8	14,860,000.00	5.680000	877,324.00	15,737,324.00	16,614,648.00
9/ 1/ 8			455,300.00	455,300.00	
3/ 1/ 9	15,700,000.00	5.800000	455,300.00	16,155,300.00	16,610,600.00
	125,000,000.00		41,123,429.50	166,123,429.50	
ACCRUED	125,000,000.00		41,123,429.50	166,123,429.50	
	=====		=====	=====	

Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 741,250.000
Average Coupon 5.547849
Average Life 5.930000
N I C % 5.547849 % Using 100.0000000
T I C % 5.536037 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:59:17 Filename: DAVE Key: DAVE1

State of Alaska
 AA General Obligation Bonds
 Current Interest Rates +100 bps As Of 10/7/1997
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 Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			4,078,088.25	4,078,088.25	
3/ 1/ 0	11,780,000.00	5.050000	4,078,088.25	15,858,088.25	19,936,176.50
9/ 1/ 0			3,780,643.25	3,780,643.25	
3/ 1/ 1	12,375,000.00	5.100000	3,780,643.25	16,155,643.25	19,936,286.50
9/ 1/ 1			3,465,080.75	3,465,080.75	
3/ 1/ 2	13,005,000.00	5.200000	3,465,080.75	16,470,080.75	19,935,161.50
9/ 1/ 2			3,126,950.75	3,126,950.75	
3/ 1/ 3	13,680,000.00	5.300000	3,126,950.75	16,806,950.75	19,933,901.50
9/ 1/ 3			2,764,430.75	2,764,430.75	
3/ 1/ 4	14,405,000.00	5.400000	2,764,430.75	17,169,430.75	19,933,861.50
9/ 1/ 4			2,375,495.75	2,375,495.75	
3/ 1/ 5	15,185,000.00	5.450000	2,375,495.75	17,560,495.75	19,935,991.50
9/ 1/ 5			1,961,704.50	1,961,704.50	
3/ 1/ 6	16,010,000.00	5.500000	1,961,704.50	17,971,704.50	19,933,409.00
9/ 1/ 6			1,521,429.50	1,521,429.50	
3/ 1/ 7	16,890,000.00	5.550000	1,521,429.50	18,411,429.50	19,932,859.00
9/ 1/ 7			1,052,732.00	1,052,732.00	
3/ 1/ 8	17,830,000.00	5.680000	1,052,732.00	18,882,732.00	19,935,464.00
9/ 1/ 8			546,360.00	546,360.00	
3/ 1/ 9	18,840,000.00	5.800000	546,360.00	19,386,360.00	19,932,720.00
	150,000,000.00		49,345,831.00	199,345,831.00	
ACCRUED	150,000,000.00		49,345,831.00	199,345,831.00	

Dated 3/ 1/99 with Delivery of 3/ 1/99
 Bond Years 889,460.000
 Average Coupon 5.547841
 Average Life 5.929733
 N I C % 5.547841 % Using 100.0000000
 T I C % 5.536029 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:35:03 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +100 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			4,757,793.75	4,757,793.75	
3/ 1/ 0	13,740,000.00	5.050000	4,757,793.75	18,497,793.75	23,255,587.50
9/ 1/ 0			4,410,858.75	4,410,858.75	
3/ 1/ 1	14,435,000.00	5.100000	4,410,858.75	18,845,858.75	23,256,717.50
9/ 1/ 1			4,042,766.25	4,042,766.25	
3/ 1/ 2	15,170,000.00	5.200000	4,042,766.25	19,212,766.25	23,255,532.50
9/ 1/ 2			3,648,346.25	3,648,346.25	
3/ 1/ 3	15,960,000.00	5.300000	3,648,346.25	19,608,346.25	23,256,692.50
9/ 1/ 3			3,225,406.25	3,225,406.25	
3/ 1/ 4	16,805,000.00	5.400000	3,225,406.25	20,030,406.25	23,255,812.50
9/ 1/ 4			2,771,671.25	2,771,671.25	
3/ 1/ 5	17,715,000.00	5.450000	2,771,671.25	20,486,671.25	23,258,342.50
9/ 1/ 5			2,288,937.50	2,288,937.50	
3/ 1/ 6	18,680,000.00	5.500000	2,288,937.50	20,968,937.50	23,257,875.00
9/ 1/ 6			1,775,237.50	1,775,237.50	
3/ 1/ 7	19,710,000.00	5.550000	1,775,237.50	21,485,237.50	23,260,475.00
9/ 1/ 7			1,228,285.00	1,228,285.00	
3/ 1/ 8	20,800,000.00	5.680000	1,228,285.00	22,028,285.00	23,256,570.00
9/ 1/ 8			637,565.00	637,565.00	
3/ 1/ 9	21,985,000.00	5.800000	637,565.00	22,622,565.00	23,260,130.00
	175,000,000.00		57,573,735.00	232,573,735.00	
ACCRUED	175,000,000.00		57,573,735.00	232,573,735.00	
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Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 1,037,765.000
Average Coupon 5.547859
Average Life 5.930086
M I C : 5.547859 : Using 100.0000000
T I C : 5.536046 : From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:33:56 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +100 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			5,431,213.75	5,431,213.75	
3/ 1/ 0	16,455,000.00	5.050000	5,431,213.75	21,886,213.75	27,317,427.50
9/ 1/ 0			5,015,725.00	5,015,725.00	
3/ 1/ 1	17,120,000.00	5.100000	5,015,725.00	22,135,725.00	27,151,450.00
9/ 1/ 1			4,579,165.00	4,579,165.00	
3/ 1/ 2	17,825,000.00	5.200000	4,579,165.00	22,404,165.00	26,983,330.00
9/ 1/ 2			4,115,715.00	4,115,715.00	
3/ 1/ 3	18,570,000.00	5.300000	4,115,715.00	22,685,715.00	26,801,430.00
9/ 1/ 3			3,623,610.00	3,623,610.00	
3/ 1/ 4	19,370,000.00	5.400000	3,623,610.00	22,993,610.00	26,617,220.00
9/ 1/ 4			3,100,620.00	3,100,620.00	
3/ 1/ 5	20,225,000.00	5.450000	3,100,620.00	23,325,620.00	26,426,240.00
9/ 1/ 5			2,549,488.75	2,549,488.75	
3/ 1/ 6	21,125,000.00	5.500000	2,549,488.75	23,674,488.75	26,223,977.50
9/ 1/ 6			1,968,551.25	1,968,551.25	
3/ 1/ 7	22,075,000.00	5.550000	1,968,551.25	24,043,551.25	26,012,102.50
9/ 1/ 7			1,355,970.00	1,355,970.00	
3/ 1/ 8	23,075,000.00	5.680000	1,355,970.00	24,430,970.00	25,786,940.00
9/ 1/ 8			700,640.00	700,640.00	
3/ 1/ 9	24,160,000.00	5.800000	700,640.00	24,860,640.00	25,561,280.00
	200,000,000.00		64,881,397.50	264,881,397.50	
ACCRUED	200,000,000.00		64,881,397.50	264,881,397.50	
			=====	=====	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 1,170,400.000
Average Coupon 5.543523
Average Life 5.852000
M I C : 5.543523 : Using 100.0000000
T I C : 5.531552 : From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 10:31:52 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +200 bps As Of 10/7/1997
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Debt Service Schedule
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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			1,609,369.25	1,609,369.25	
3/ 1/ 0	3,925,000.00	6.050000	1,609,369.25	5,534,369.25	7,143,738.50
9/ 1/ 0			1,490,638.00	1,490,638.00	
3/ 1/ 1	4,125,000.00	6.100000	1,490,638.00	5,615,638.00	7,106,276.00
9/ 1/ 1			1,364,825.50	1,364,825.50	
3/ 1/ 2	4,335,000.00	6.200000	1,364,825.50	5,699,825.50	7,064,651.00
9/ 1/ 2			1,230,440.50	1,230,440.50	
3/ 1/ 3	4,560,000.00	6.300000	1,230,440.50	5,790,440.50	7,020,881.00
9/ 1/ 3			1,086,800.50	1,086,800.50	
3/ 1/ 4	4,800,000.00	6.400000	1,086,800.50	5,886,800.50	6,973,601.00
9/ 1/ 4			933,200.50	933,200.50	
3/ 1/ 5	5,060,000.00	6.450000	933,200.50	5,993,200.50	6,926,401.00
9/ 1/ 5			770,015.50	770,015.50	
3/ 1/ 6	5,340,000.00	6.500000	770,015.50	6,110,015.50	6,880,031.00
9/ 1/ 6			596,465.50	596,465.50	
3/ 1/ 7	5,630,000.00	6.550000	596,465.50	6,226,465.50	6,822,931.00
9/ 1/ 7			412,083.00	412,083.00	
3/ 1/ 8	5,945,000.00	6.680000	412,083.00	6,357,083.00	6,769,166.00
9/ 1/ 8			213,520.00	213,520.00	
3/ 1/ 9	6,280,000.00	6.800000	213,520.00	6,493,520.00	6,707,040.00
	50,000,000.00		19,414,716.50	69,414,716.50	
ACCRUED	50,000,000.00		19,414,716.50	69,414,716.50	
	=====		=====	=====	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 296,505.000
Average Coupon 6.547855
Average Life 5.930100
N I C % 6.547855 % Using 100.0000000
T I C % 6.534055 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:07:22 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +200 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99					
3/ 1/ 0	5,620,000.00	6.050000	2,416,361.25	2,416,361.25	
9/ 1/ 0			2,416,361.25	8,036,361.25	10,452,722.50
3/ 1/ 1	5,960,000.00	6.100000	2,246,356.25	2,246,356.25	
9/ 1/ 1			2,246,356.25	8,206,356.25	10,452,712.50
			2,064,576.25	2,064,576.25	
3/ 1/ 2	6,320,000.00	6.200000	2,064,576.25	8,384,576.25	10,449,152.50
9/ 1/ 2			1,868,656.25	1,868,656.25	
3/ 1/ 3	6,715,000.00	6.300000	1,868,656.25	8,583,656.25	10,452,312.50
9/ 1/ 3			1,657,133.75	1,657,133.75	
3/ 1/ 4	7,135,000.00	6.400000	1,657,133.75	8,792,133.75	10,449,267.50
9/ 1/ 4			1,428,813.75	1,428,813.75	
3/ 1/ 5	7,595,000.00	6.450000	1,428,813.75	9,023,813.75	10,452,627.50
9/ 1/ 5			1,183,875.00	1,183,875.00	
3/ 1/ 6	8,085,000.00	6.500000	1,183,875.00	9,268,875.00	10,452,750.00
9/ 1/ 6			921,112.50	921,112.50	
3/ 1/ 7	8,610,000.00	6.550000	921,112.50	9,531,112.50	10,452,225.00
9/ 1/ 7			639,135.00	639,135.00	
3/ 1/ 8	9,175,000.00	6.680000	639,135.00	9,814,135.00	10,453,270.00
9/ 1/ 8			332,690.00	332,690.00	
3/ 1/ 9	9,785,000.00	6.800000	332,690.00	10,117,690.00	10,450,380.00
	75,000,000.00		29,517,420.00	104,517,420.00	
ACCRUED	75,000,000.00		29,517,420.00	104,517,420.00	
	=====		=====	=====	

Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 450,505.000

Average Coupon 6.552074

Average Life 6.006733

N I C % 6.552074 % Using 100.0000000

T I C % 6.538462 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:10:45 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +200 bps As Of 10/7/1997

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			3,221,820.75	3,221,820.75	
3/ 1/ 0	7,490,000.00	6.050000	3,221,820.75	10,711,820.75	13,933,641.50
9/ 1/ 0			2,995,248.25	2,995,248.25	
3/ 1/ 1	7,945,000.00	6.100000	2,995,248.25	10,940,248.25	13,935,496.50
9/ 1/ 1			2,752,925.75	2,752,925.75	
3/ 1/ 2	8,430,000.00	6.200000	2,752,925.75	11,182,925.75	13,935,851.50
9/ 1/ 2			2,491,595.75	2,491,595.75	
3/ 1/ 3	8,955,000.00	6.300000	2,491,595.75	11,446,595.75	13,938,191.50
9/ 1/ 3			2,209,513.25	2,209,513.25	
3/ 1/ 4	9,515,000.00	6.400000	2,209,513.25	11,724,513.25	13,934,026.50
9/ 1/ 4			1,905,033.25	1,905,033.25	
3/ 1/ 5	10,125,000.00	6.450000	1,905,033.25	12,030,033.25	13,935,066.50
9/ 1/ 5			1,578,502.00	1,578,502.00	
3/ 1/ 6	10,780,000.00	6.500000	1,578,502.00	12,358,502.00	13,937,004.00
9/ 1/ 6			1,228,152.00	1,228,152.00	
3/ 1/ 7	11,480,000.00	6.550000	1,228,152.00	12,708,152.00	13,936,304.00
9/ 1/ 7			852,182.00	852,182.00	
3/ 1/ 8	12,230,000.00	6.680000	852,182.00	13,082,182.00	13,934,364.00
9/ 1/ 8			443,700.00	443,700.00	
3/ 1/ 9	13,050,000.00	6.800000	443,700.00	13,493,700.00	13,937,400.00
	100,000,000.00		39,357,346.00	139,357,346.00	
ACCRUED	100,000,000.00		39,357,346.00	139,357,346.00	
	*****		*****	*****	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 600,685.000
Average Coupon 6.552077
Average Life 6.006850
N I C % 6.552077 % Using 100.0000000
T I C % 6.538465 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:12:05 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +200 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			4,027,271.00	4,027,271.00	
3/ 1/ 0	9,365,000.00	6.050000	4,027,271.00	13,392,271.00	17,419,542.00
9/ 1/ 0			3,743,979.75	3,743,979.75	
3/ 1/ 1	9,930,000.00	6.100000	3,743,979.75	13,673,979.75	17,417,959.50
9/ 1/ 1			3,441,114.75	3,441,114.75	
3/ 1/ 2	10,540,000.00	6.200000	3,441,114.75	13,981,114.75	17,422,229.50
9/ 1/ 2			3,114,374.75	3,114,374.75	
3/ 1/ 3	11,190,000.00	6.300000	3,114,374.75	14,304,374.75	17,418,749.50
9/ 1/ 3			2,761,889.75	2,761,889.75	
3/ 1/ 4	11,895,000.00	6.400000	2,761,889.75	14,656,889.75	17,418,779.50
9/ 1/ 4			2,381,249.75	2,381,249.75	
3/ 1/ 5	12,655,000.00	6.450000	2,381,249.75	15,036,249.75	17,417,499.50
9/ 1/ 5			1,973,126.00	1,973,126.00	
3/ 1/ 6	13,475,000.00	6.500000	1,973,126.00	15,448,126.00	17,421,252.00
9/ 1/ 6			1,535,188.50	1,535,188.50	
3/ 1/ 7	14,350,000.00	6.550000	1,535,188.50	15,885,188.50	17,420,377.00
9/ 1/ 7			1,065,226.00	1,065,226.00	
3/ 1/ 8	15,290,000.00	6.680000	1,065,226.00	16,355,226.00	17,420,452.00
9/ 1/ 8			554,540.00	554,540.00	
3/ 1/ 9	16,310,000.00	6.800000	554,540.00	16,864,540.00	17,419,080.00
	125,000,000.00		49,195,920.50	174,195,920.50	
ACCRUED	125,000,000.00		49,195,920.50	174,195,920.50	
	=====		=====	=====	

Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 750,845.000

Average Coupon 6.552074

Average Life 6.006760

W I C % 6.552074 % Using 100.0000000

T I C % 6.538462 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:13:05 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +200 bps As Of 10/7/1997

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Debt Service Schedule

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Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			4,832,718.00	4,832,718.00	
3/ 1/ 0	11,240,000.00	6.050000	4,832,718.00	16,072,718.00	20,905,436.00
9/ 1/ 0			4,492,708.00	4,492,708.00	
3/ 1/ 1	11,915,000.00	6.100000	4,492,708.00	16,407,708.00	20,900,416.00
9/ 1/ 1			4,129,300.50	4,129,300.50	
3/ 1/ 2	12,645,000.00	6.200000	4,129,300.50	16,774,300.50	20,903,601.00
9/ 1/ 2			3,737,305.50	3,737,305.50	
3/ 1/ 3	13,430,000.00	6.300000	3,737,305.50	17,167,305.50	20,904,611.00
9/ 1/ 3			3,314,260.50	3,314,260.50	
3/ 1/ 4	14,275,000.00	6.400000	3,314,260.50	17,589,260.50	20,903,521.00
9/ 1/ 4			2,857,460.50	2,857,460.50	
3/ 1/ 5	15,190,000.00	6.450000	2,857,460.50	18,047,460.50	20,904,921.00
9/ 1/ 5			2,367,583.00	2,367,583.00	
3/ 1/ 6	16,170,000.00	6.500000	2,367,583.00	18,537,583.00	20,905,166.00
9/ 1/ 6			1,842,058.00	1,842,058.00	
3/ 1/ 7	17,220,000.00	6.550000	1,842,058.00	19,062,058.00	20,904,116.00
9/ 1/ 7			1,278,103.00	1,278,103.00	
3/ 1/ 8	18,345,000.00	6.680000	1,278,103.00	19,623,103.00	20,901,206.00
9/ 1/ 8			665,380.00	665,380.00	
3/ 1/ 9	19,570,000.00	6.800000	665,380.00	20,235,380.00	20,900,760.00
	150,000,000.00		59,033,754.00	209,033,754.00	
ACCRUED	150,000,000.00		59,033,754.00	209,033,754.00	

Dated 3/ 1/99 with Delivery of 3/ 1/99
Bond Years 900,995.000
Average Coupon 6.552062
Average Life 6.006633
M I C 6.552062 % Using 100.0000000
T I C 6.538451 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:14:40 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +200 bps As Of 10/7/1997

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			5,638,184.50	5,638,184.50	
3/ 1/ 0	13,110,000.00	6.050000	5,638,184.50	18,748,184.50	24,386,369.00
9/ 1/ 0			5,241,607.00	5,241,607.00	
3/ 1/ 1	13,905,000.00	6.100000	5,241,607.00	19,146,607.00	24,388,214.00
9/ 1/ 1			4,817,504.50	4,817,504.50	
3/ 1/ 2	14,750,000.00	6.200000	4,817,504.50	19,567,504.50	24,385,009.00
9/ 1/ 2			4,360,254.50	4,360,254.50	
3/ 1/ 3	15,665,000.00	6.300000	4,360,254.50	20,025,254.50	24,385,509.00
9/ 1/ 3			3,866,807.00	3,866,807.00	
3/ 1/ 4	16,655,000.00	6.400000	3,866,807.00	20,521,807.00	24,388,614.00
9/ 1/ 4			3,333,847.00	3,333,847.00	
3/ 1/ 5	17,720,000.00	6.450000	3,333,847.00	21,053,847.00	24,387,694.00
9/ 1/ 5			2,762,377.00	2,762,377.00	
3/ 1/ 6	18,865,000.00	6.500000	2,762,377.00	21,627,377.00	24,389,754.00
9/ 1/ 6			2,149,264.50	2,149,264.50	
3/ 1/ 7	20,090,000.00	6.550000	2,149,264.50	22,239,264.50	24,388,529.00
9/ 1/ 7			1,491,317.00	1,491,317.00	
3/ 1/ 8	21,405,000.00	6.680000	1,491,317.00	22,896,317.00	24,387,634.00
9/ 1/ 8			776,390.00	776,390.00	
3/ 1/ 9	22,835,000.00	6.800000	776,390.00	23,611,390.00	24,387,780.00
	175,000,000.00		68,875,106.00	243,875,106.00	
ACCRUED	175,000,000.00		68,875,106.00	243,875,106.00	
	*****		*****	*****	

Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 1,051,195.000
Average Coupon 6.552077
Average Life 6.006829
M I C ‡ 6.552077 ‡ Using 100.0000000
T I C ‡ 6.538465 ‡ From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:15:46 Filename: DAVE Key: DAVE1

State of Alaska
AA General Obligation Bonds
Current Interest Rates +200 bps As Of 10/7/1997

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
9/ 1/99			6,443,629.75	6,443,629.75	
3/ 1/ 0	14,985,000.00	6.050000	6,443,629.75	21,428,629.75	27,872,259.50
9/ 1/ 0			5,990,333.50	5,990,333.50	
3/ 1/ 1	15,890,000.00	6.100000	5,990,333.50	21,880,333.50	27,870,667.00
9/ 1/ 1			5,505,688.50	5,505,688.50	
3/ 1/ 2	16,860,000.00	6.200000	5,505,688.50	22,365,688.50	27,871,377.00
9/ 1/ 2			4,983,028.50	4,983,028.50	
3/ 1/ 3	17,905,000.00	6.300000	4,983,028.50	22,888,028.50	27,871,057.00
9/ 1/ 3			4,419,021.00	4,419,021.00	
3/ 1/ 4	19,035,000.00	6.400000	4,419,021.00	23,454,021.00	27,873,042.00
9/ 1/ 4			3,809,901.00	3,809,901.00	
3/ 1/ 5	20,250,000.00	6.450000	3,809,901.00	24,059,901.00	27,869,802.00
9/ 1/ 5			3,156,838.50	3,156,838.50	
3/ 1/ 6	21,555,000.00	6.500000	3,156,838.50	24,711,838.50	27,868,677.00
9/ 1/ 6			2,456,301.00	2,456,301.00	
3/ 1/ 7	22,960,000.00	6.550000	2,456,301.00	25,416,301.00	27,872,602.00
9/ 1/ 7			1,704,361.00	1,704,361.00	
3/ 1/ 8	24,465,000.00	6.680000	1,704,361.00	26,169,361.00	27,873,722.00
9/ 1/ 8			887,230.00	887,230.00	
3/ 1/ 9	26,095,000.00	6.800000	887,230.00	26,982,230.00	27,869,460.00
	200,000,000.00		78,712,665.50	278,712,665.50	
ACCRUED	200,000,000.00		78,712,665.50	278,712,665.50	

Dated 3/ 1/99 with Delivery of 3/ 1/99

Bond Years 1,201,340.000

Average Coupon 6.552072

Average Life 6.006700

M I C % 6.552072 % Using 100.0000000

T I C % 6.538460 % From Delivery Date

Micro-Muni Sizing Date: 10-07-1997 @ 11:17:05 Filename: DAVE Key: DAVE1



Alaska Permanent Fund Corporation

FINANCIAL PROJECTIONS

(in millions)

as of June 30, 1996

GROWTH OF FUND PRINCIPAL

FY	FY Begin Balance	Appropriations	Dedicated State Revenue ⁽¹⁾	Inflation-Proofing	FY End Balance	Inflation-Proofing Shortfall
78						
79						
80	4,838	2,700	2,424	617	5,741	
81	5,741		323	216	6,281	
82	6,281	1,264 ⁽²⁾	170	148	7,864	
83	7,054		418	303	8,585	
84	8,585		228	360	9,173	
85	9,173		257	454	9,884	
86	9,884		435	559	10,888	
87	10,888		338	477	11,703	
88	11,703	5 ⁽²⁾	315	362	12,385	
89	12,385	6	210	372	12,973	
90	12,973	8	318	348	13,645	
91	13,645	1,860 ⁽³⁾	264	407	16,176	
92	16,176	9	218	490	16,891	
93	16,891	10	217	544	17,663	
94	17,663	11	229	569	18,472	
95	18,472	12	231	595	19,309	
96	19,309	13	233	622	20,177	
97	20,177	13	239	650	21,080	
98	21,080	14	238	678	22,011	
99	22,011	16	237	708	22,972	
00	22,972	17	229	738	23,955	
01	23,955	18	218	769	24,960	
02	24,960	19	209	801	25,990	
03	25,990	21	203	834	27,048	
04	27,048	22	202	867	28,139	
05	28,139	24	198	902	29,262	
06	29,262	25	195	938	30,420	
07	30,420	27	191	974	31,613	
08	31,613	29	184	1,012	32,838	
09	32,838	32	178	1,051	34,098	
10	34,098	34	169	1,091	35,392	
Cumulative Totals Projected For FY 1996 - 2015:						
		4,280	15,241			

USE OF FUND INCOME

Net Income	Distributions			Reserves		FY
	Dividends	Inflation-Proofing	General Fund	Add (Delete)	FY End Balance	
2,219	653	617	186	763	763	78
1,021	303	216		501	1,264	79
1,069	391	148		529	529	80
789	424	303		62	591	81
868	460	360	4	44	635	82
916	487	454	4	(30)	605	83
1,030	489	559	4	(24)	581	84
1,028	488	477	5	64	645	85
1,226	532	362	5	320	965	86
1,098	556	372	11	151	1,117	87
1,013	565	348	8	86	1,203	88
1,814	643	407	1	(1,250)	100	89
1,217	659	490		59	159	90
1,310	668	544		68	246	91
1,376	695	569		101	347	92
1,448	739	595		100	447	93
1,518	711	622		172	619	94
1,597	750	650		184	803	95
1,680	788	678		199	1,002	96
1,767	828	708		215	1,217	97
1,856	870	738		231	1,448	98
1,949	915	769		247	1,695	99
2,044	961	801		263	1,958	00
2,143	1,008	834		280	2,239	01
2,245	1,057	867		299	2,537	02
2,351	1,108	902		318	2,855	03
2,461	1,160	938		338	3,194	04
2,576	1,214	974		360	3,553	05
2,694	1,271	1,012		382	3,935	06
2,817	1,329	1,051		408	4,341	07
2,944	1,389	1,091		430	4,771	08
39,804	18,762	15,241	1			15

REALIZED RATE OF RETURN ASSUMPTIONS:

	Nominal	Inflation	Real
FY 98:	11.00%	2.82%	8.18%
FY 97: ⁽⁴⁾	7.15%	2.99%	4.16%
FY 96 - 2015: ⁽⁵⁾	7.31%	3.18%	4.16%

⁽¹⁾ Department of Revenue Fall 1995 Mid-Case Revenue Forecast.

⁽²⁾ Earnings reserve appropriated to principal July 1, 1987 and 1995.

⁽³⁾ Transferred to principal from earnings reserve account per AS 37.13.145(d).

⁽⁴⁾ Based on 1995 Callan capital market assumptions.

STATUS QUO

Meeting Alaska's Collective Needs

Proposal for an Alaska Community Dividend Program

- A community dividend would be paid annually, just like the Permanent Fund's individual dividend, to local governments based on population, to buy, build or maintain schools and colleges, roads, health clinics, fire and police equipment and other facilities.
- To get started, income from the Permanent Fund, after that set-aside for inflation-proofing, would be split between the current dividend (which would stay at today's level until the community dividend catches up) and the community dividend paid to local governments.
- The Permanent Fund has a principal value today of over \$22 billion. It will continue to grow from additional deposits from state revenues. Over \$720 million in Permanent Fund income will be paid out this year to individuals.
- Between 1982, when the individual dividend started, and 1996, over six billion dollars has been paid out in dividends. Projections show that at least three times that amount -- or \$19 billion -- will be available for distribution between now and 2015. If the Fund keeps its current earnings level, more than twice that amount would be available.
- When Permanent Fund payments are made to individuals, the payments are taxed by the federal government. When payments are made to local governments, the payments are not taxed. This proposal will redirect hundreds of millions of dollars yearly from federal taxes to meet Alaska's collective needs.
- Besides the existing Permanent Fund dividend and inflation proofing, Permanent Fund income is used for no other purpose today than increasing the size of the Fund itself. **We should not touch the corpus of the Fund.** We should encourage its growth with additional resource revenues.
- Alaska's Permanent Fund comes from resource assets that were given to Alaska at the time of statehood. **Congress believed Alaska could not meet its collective needs with taxes alone.** The community dividend program will use income from a collective asset, the Permanent Fund, to meet collective needs.

October 7, 1997



State of Alaska

Bond Briefing Presentation



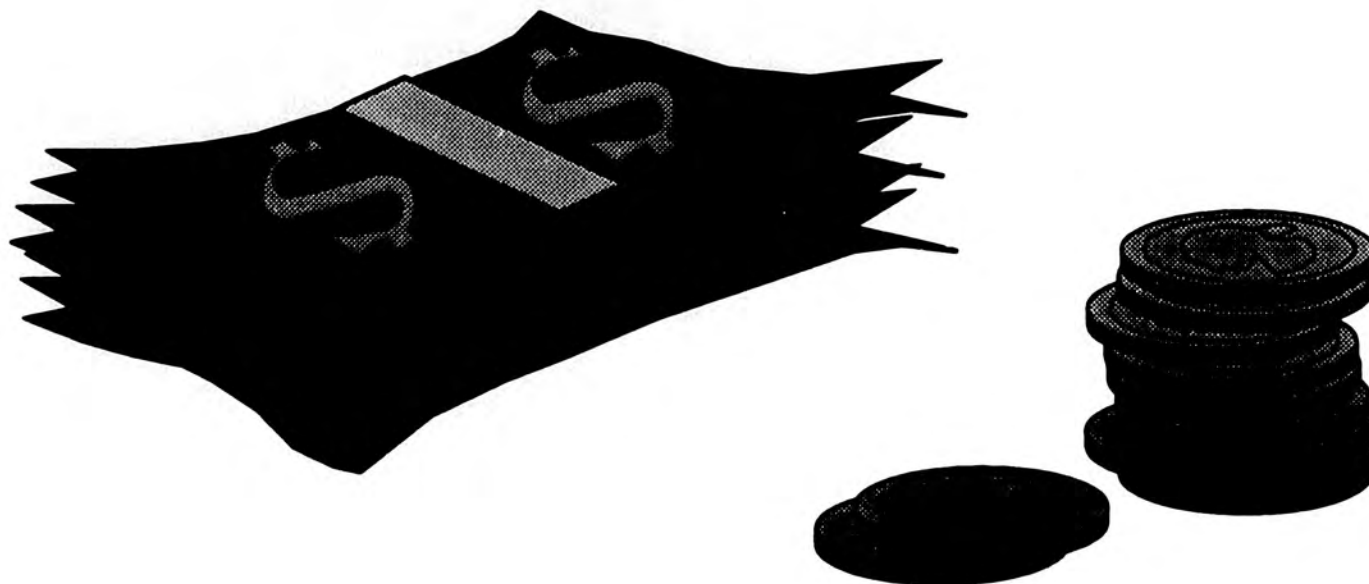
October 20, 1997



Agenda

- Alaska Public Debt
- Bonding 101
- Bond Ratings
- State Debt Capacity
- Possible Financing Master Plan

Alaska Public Debt



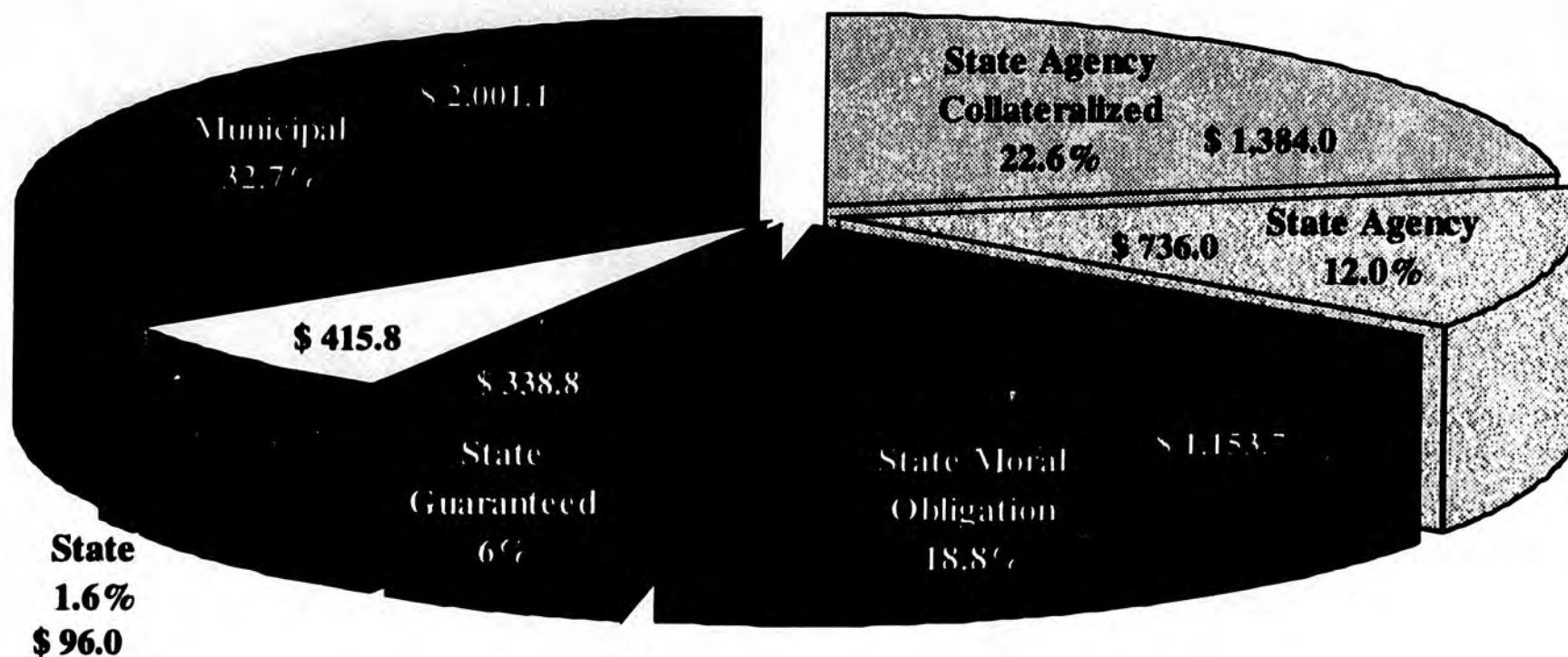
Types of Alaska Public Debt

- State Debt
- State Moral Obligation Debt
- State Supported Debt
- State Guaranteed Debt
- State and University Revenue Debt
- State Agency Debt
- State Agency Collateralized Debt
- Municipal Debt
- Industrial Development Bonds



Alaska Public Debt by Type

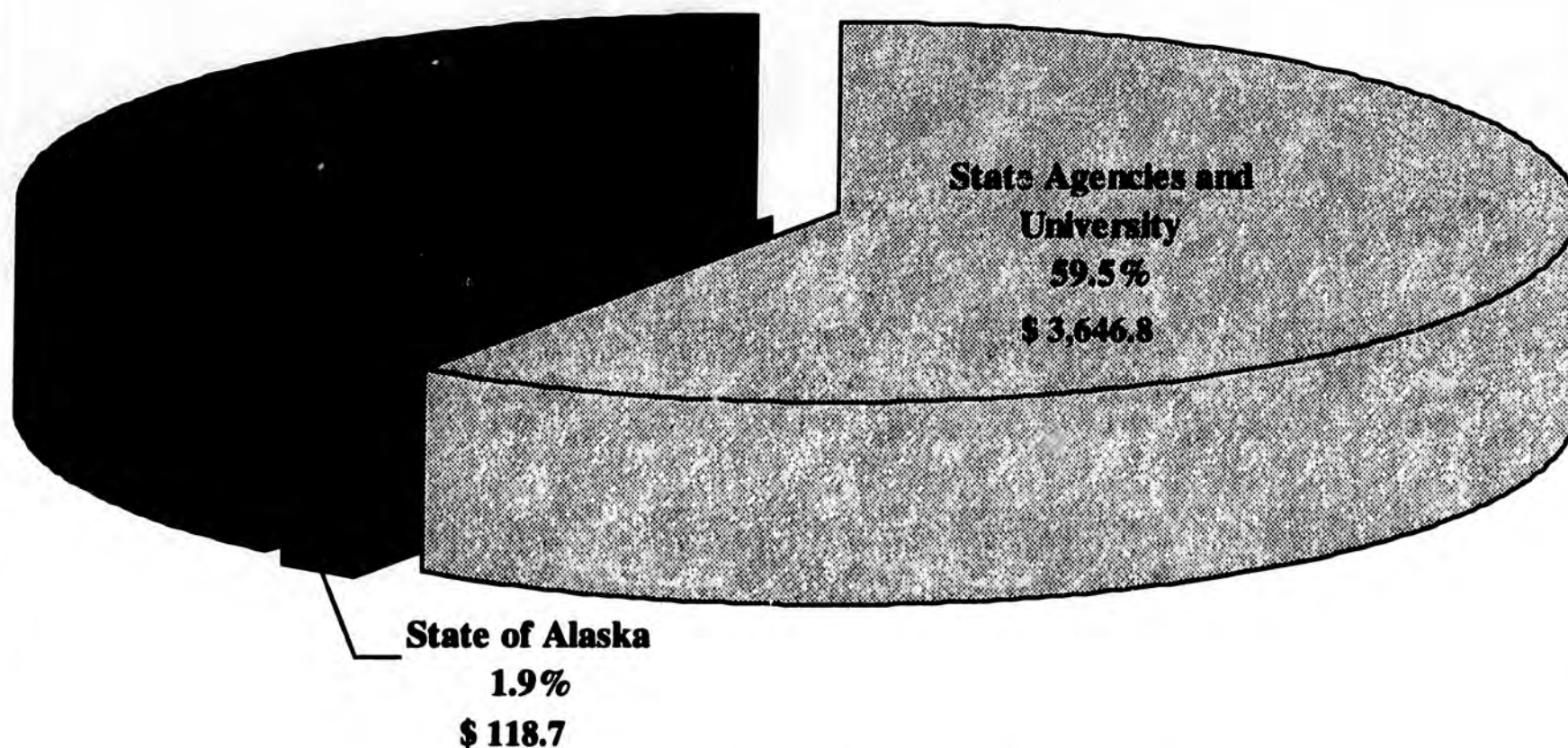
\$ (millions)



Total Alaska Public Debt: Approximately \$6.1 Billion

Alaska Public Debt by Issuer

\$ (millions)



Total Alaska Public Debt: Approximately \$6.1 Billion



Bonding 101

**(What you always wanted to know
about bonds but were afraid to ask!)**



General Obligation vs. Revenue Bonds

General Obligation

- Backed by general credit and taxing powers of the state
- More diverse credit structure
- Requires voter approval
- Least cost, most flexibility



Revenue

- Backed by specific revenue stream
- Matches sources of payment for bonds to the project financed
- Users pay cost of project and financing
- Variety of revenues could be pledged to pay debt service
- Covenants could limit bonding capacity

What is Arbitrage?



- Profits from buying money in one market and selling money in another market
- Issuing tax-exempt bonds and investing in higher yielding taxable securities
- Tax-exempt bonds are subject to U.S. Treasury regulations; arbitrage profits may have to be rebated to U.S. Treasury or fund investments may have to be yield-restricted

Annual Cost per \$ Million of Bonds

(\$ thousands)

Term

Interest Rate

5%

5.5%

6%

10 years

\$ 129.4

\$ 132.6

\$ 135.7

15 years

96.3

99.6

102.9

20 years

\$ 80.2

\$ 83.6

\$ 87.1

For example, \$99.6 thousand is the annual debt service on \$1 million of 15 year bonds at 5.5% interest.

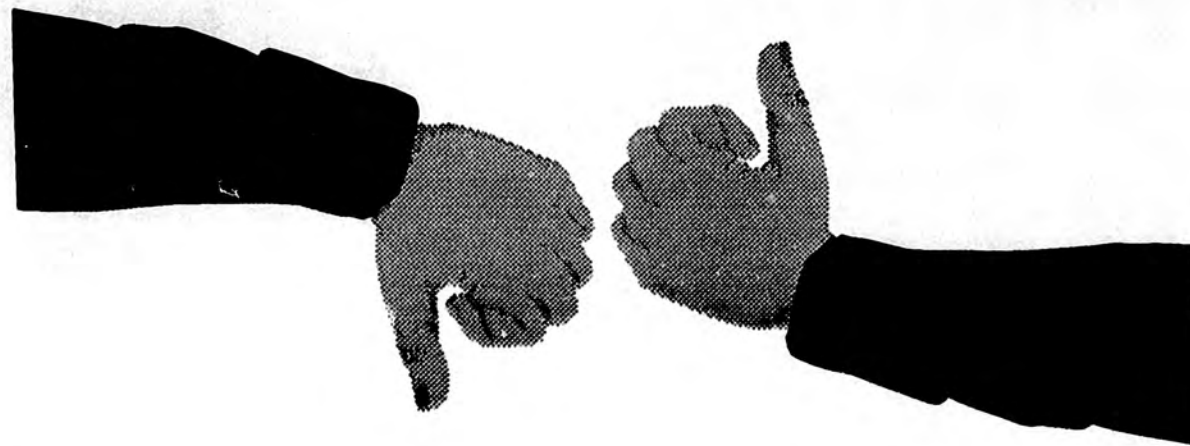
Bond Proceeds per \$ Million of Annual Cost

(\$ millions)

<u>Term</u>	<u>Interest Rate</u>		
	<u>5%</u>	<u>5.5%</u>	<u>6%</u>
10 years	\$ 7.7	\$ 7.5	\$ 7.4
15 years	10.4	10.0	9.7
20 years	\$ 12.5	\$ 12.0	\$ 11.5

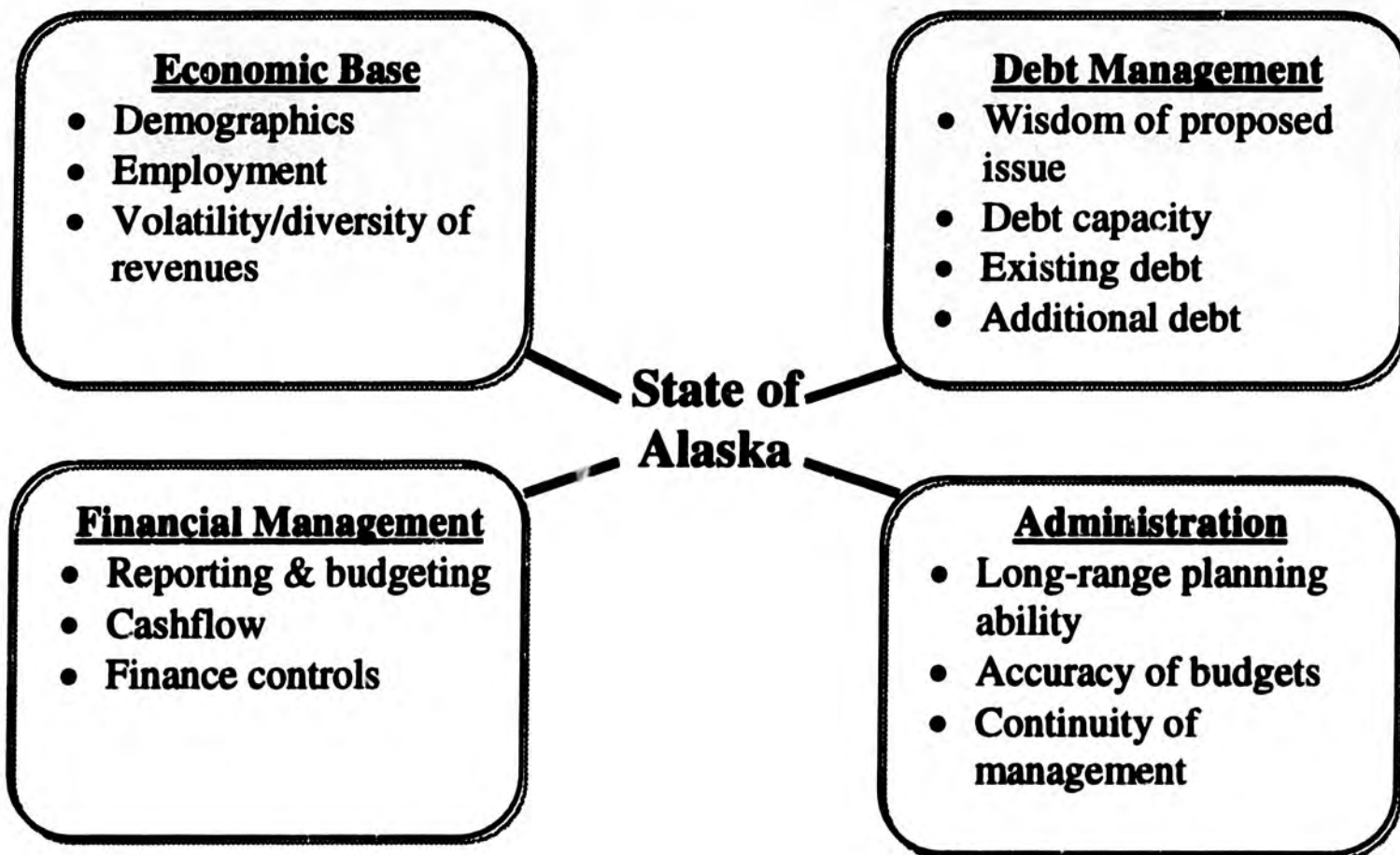
For example, \$1 million per year is the annual debt service on \$10.0 million of 15 year bonds at 5.5% interest.

Bond Ratings



Market and Rating Criteria

(assessing ability and willingness to pay)



State General Obligation Bond Rating History



	<u>Moody's</u>	<u>S & P</u>
1961	BAA	
1969	BAA1	
1971		A
1974	A1	
1975		A+
1980	AA	AA-
1992		AA
1997	AA	AA

G.O. Bond Ratings

All States

(Moody's)

Above AA

12 States

AA

**21 States
(Including Alaska)**

Below AA

8 States

Not Rated

**9 States
(No G.O. Debt)**

State Debt Capacity



State Debt Capacity Observations



- Projected fiscal gap is limiting factor
- 80% of revenues from oil is a limiting factor
- Permanent Fund is a positive factor
- Constitutional Budget Reserve is a positive factor

State Debt Capacity Guidelines

- Debt per capita
- Debt per \$1,000 of personal income
- Debt to full property value
- Ratio of debt service to revenues



Debt Service to Revenues

- Include debt service on state and state supported debt
- Applied to unrestricted General Fund revenues
- 5% Guideline for AA rating



State Debt Capacity

\$ (millions)

Debt Service/Revenues *

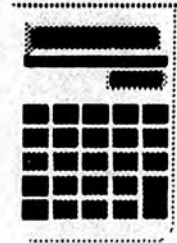
<u>Fiscal Year</u>	<u>5%</u>	<u>8%</u>
1999	\$124.0	\$ 713.3
2000	114.4	88.5
2001	156.1	164.2
2002	94.4	77.5
2003	8.4	(5.0)
2004	\$ 1.5	\$(16.9)

* Based on DOR Fall 1996/Spring 1997 Revenue Sources Book.

Summary

State Debt Capacity

(Current “AA” Bond Rating)



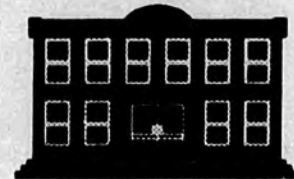
- Assume the current projection of unrestricted General Fund revenues
- Assume issuance of 15 year bonds at 5.5% interest
- Then \$700-\$800 million of State debt could be issued over the next five years

Possible State Financing Program



Cigarette Tax Revenue Bonds for School Construction

- Assume \$34.6 million of annual tax revenues
- Assume the proper legal structure is established and accepted by the market.
- Assume 15-year revenue bonds, 5.5% interest, and a 125% debt service coverage
- \$275 million of bonds could be sold



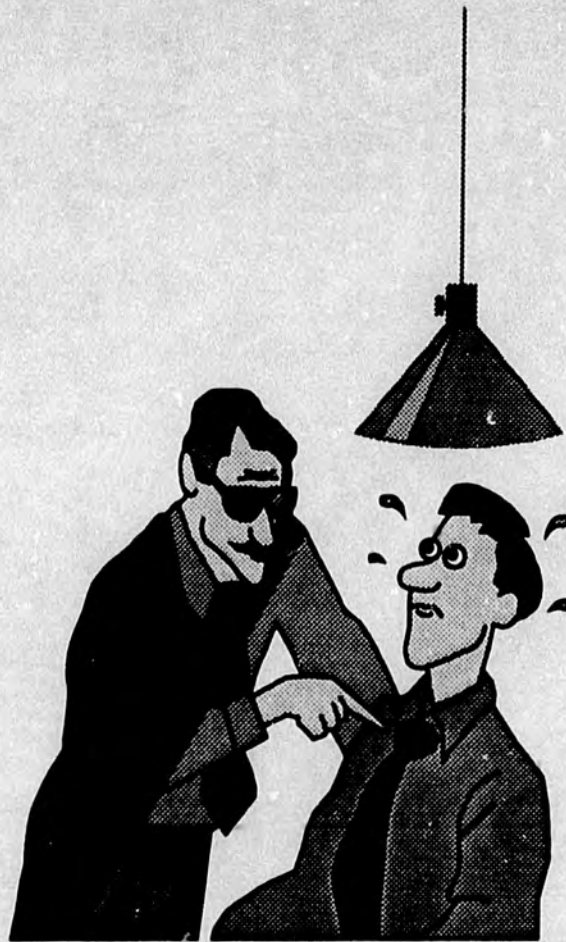
Possible State-Supported Debt Plan



- Combination of new General Obligation bonds, lease-purchase (COP's) and school debt reimbursement
- Debt issuance would be staggered over 5-6 years, at \$150 million per year
- Capital project to be identified
- Would be in addition to the cigarette tax revenue bonds for school construction



Questions / Comments



**FINANCE
MEETING
12/16/97**



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

Memorandum

To: Senate Finance Committee Members
Senator Tim Kelly
Nancy Quinto, Senate Secretary

From: Senator Drue Pearce *DP/ML*
Co-chair

Date: December 5, 1997

Subject: Meeting Announcement

Senate Finance Committee Meeting
December 16, 1:30 to 3:30 p.m.
Anchorage LIO Conference Room
Video conferenced to Fairbanks and Juneau

Agenda:

- 1:30 Recommended financing plan for
Deferred Maintenance, discussion led by
Senator Tim Kelly, Task Force Co-chair
- 2:30 Alaska Public Schools Reform Act of 1998
Presentation by Robert Gottstein

Other sites may be connected by calling or e-mailing Llewellyn (465-3710), or Krag (258-8185).

cc: Annalee McConnell, Office of Management & Budget
Peg Warren, Administrative Assistant, Juneau LIO, (fax 2864)
Denny Dewitt, Legislative Aide to Rep. Eldon Mulder

ALASKA STATE LEGISLATURE

Rep. Eldon Mulder, Co-Chair
Rep. Kim Elton
Rep. Richard Foster
Rep. Jeannette James
Rep. Beverly Masek
Rep. Gail Phillips



Sen. Tim Kelly, Co-Chair
Sen. Loren Leman
Sen. Georgianna Lincoln
Sen. Robin Taylor
Sen. Gary Wilken
Sen. Mike Miller

DEFERRED MAINTENANCE TASK FORCE

Capitol Building, Room 501 • Juneau, Alaska 99801 • Phone (907) 465-2647 • FAX (907) 465-3518

FAX

TO: Roger Davis
FAX # 415 773-5759

FROM: Denny DeWitt, Legislative Assistant
Representative Eldon Mulder
Phone # 907-465-2647
FAX # 907-465-3518
E-mail: Dennis_DeWitt@legis.state.ak.us

DATE: December 18, 1997

PAGES: 13, including cover

SUBJECT: Virginia Public Building Authority Act of 1981

COMMENTS: Senator Kelly would like our discussions to include reference to the Virginia Act. I think this is where we are headed. The major difference is that the VA folks used the general fund as the source of funding, I think. We may be forced there, but I hope we can be a bit more creative.

We can designate the \$1.5 billion in almost any way that will meet the law. We need to have something to point at as a security that we won't be raiding the Permanent Fund or raising taxes for this bond initiative.

Title of article

This article may be cited as Virginia Public Building Authority Act of 1981.

§ 2.1-234.11

Definitions

The following terms, whenever used or referred to in this article, shall have the following meanings, except in those instances where the context clearly indicates otherwise:

- 1. The term "Authority" shall mean the body politic and corporate created by this article.**
- 2. The term "project" shall mean any structure, facility, personal property or undertaking which the Authority is authorized to finance, refinance, construct, improve, furnish, equip, maintain, acquire, or operate under the provisions of this article.**
- 3. The term "board" shall mean the governing body of the Authority.**
- 4. The term "person" shall mean and include natural persons, firms, associations, corporations, business trusts, partnerships, and public bodies.**
- 5. The term "federal agency" shall mean and include the United States of America, the President of the United States of America, and any department of, or corporation, agency, or instrumentality heretofore or hereafter created, designated, or established by the United States of America.**
- 6. The term "bonds" shall mean and include the notes, bonds, and other evidences of indebtedness or obligations which the Authority is authorized to issue pursuant to this article.**
- 7. The term "construction" shall mean and include acquisition and construction, and the term "to construct" shall mean and include to acquire and to construct all in such manner as may be deemed desirable.**
- 8. The term "improvement" shall mean and include extension, enlargement, improvement, and renovation and the term "to improve" shall mean and include to extend, to enlarge, to improve, and to renovate all in such manner as may be deemed desirable.**
- 9. The terms "fixtures" and "furnishings" shall mean and include any fixtures, leasehold improvements, equipment, office furniture and furnishings whatsoever as may be deemed desirable and required by the lessee of a project for the use and occupancy of such project, and the terms "to furnish" and "furnishing" shall mean and include the installation of such fixtures, equipment and furnishings.**
- 10. The term "cost" as applied to a project financed under the provisions of this article shall mean the sum total of all costs incurred by the Authority as are reasonable and necessary for carrying out all works and undertakings necessary or incident to accomplish a project, including, without limitation because of enumeration, the cost incurred by the Authority of all necessary developmental, planning and feasibility studies, surveys, plans and specifications, architectural, engineering, financial, legal or other special services, the cost of acquisition of land and any buildings and improvements thereon, including the discharge of any obligations of the vendor of such land, buildings or improvements, site preparation and development including demolition or removal of existing structures, construction, and reconstruction, the reasonable cost of financing incurred by the Authority in the course of the development of a project, carrying charges during construction to the occupancy date, interest on bonds issued to finance a project to a date subsequent to the estimated date of completion of a project, necessary expenses incurred in**

connection with the initial occupancy of a project, the funding of such funds and accounts as the Authority determines to be reasonable and necessary with regard to bonds of the Authority and the cost of such other items as the Authority determines to be reasonable and necessary.

11. The term "state" shall mean the Commonwealth of Virginia and any agency or department thereof.

12. The term "personal property" shall mean and include all items of equipment, fixtures, and furnishings, including items affixed to real property.

§ 2.1-234.12

Virginia Public Building Authority created; membership; terms; expenses; vacancies

The State Treasurer or his designee, the State Comptroller, and five additional members appointed by the Governor, subject to confirmation by the General Assembly, if in session when such appointments are made, and if not in session, at its first session subsequent to such appointment, who shall serve at the pleasure of the Governor, are hereby created a body corporate and politic, constituting a public corporation and governmental instrumentality by the name of the "Virginia Public Building Authority." Unconfirmed appointments shall expire thirty days after the convening of the General Assembly. Such members of the Authority shall be entitled to no compensation for their services as members, but shall be entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The term of each member appointed by the Governor shall be five years; provided, however, that of the members first appointed, one shall be appointed for a term of five years, one for a term of four years, one for a term of three years, one for a term of two years, and one for a term of one year. Any vacancy happening among the appointed members of the Authority shall be filled by appointment by the Governor, subject to confirmation by the General Assembly. The Department of the Treasury shall serve as staff to the Authority.



Go to ([previous section](#)) or ([next section](#)) or ([General Assembly Home](#))

Purposes and general powers and duties of Authority

The Authority is created for the purpose of constructing, improving, furnishing, maintaining, acquiring, and operating public buildings for the use of the Commonwealth (heretofore or hereafter constructed), state arsenals, armories, and military reserves, state institutions of every kind and character (heretofore and hereafter constructed), additions and improvements to land grant colleges, state colleges, universities and medical colleges, and the purchase of lands for rehabilitation purposes in connection with state institutions and for use of state colleges, and museum facilities for a trust instrumentality of the United States, and the purchase of lands for the development of public buildings which may be authorized by the General Assembly in the future, the acquisition of items of personal property for the use of the Commonwealth, and the financing or refinancing of reimbursements to localities or regional jail authorities of all or any portion of the Commonwealth's share of the costs for jail projects made pursuant to §§53.1-80, 53.1-81, 53.1-82, or §53.1-95.19 (any and all of the foregoing being herein called "projects"), the purpose and intent of this article being to benefit the people of the Commonwealth by, among other things, increasing their commerce and prosperity. The Authority shall not undertake or finance or refinance any project or projects which are not specifically included in a bill or resolution passed by a majority of those elected to each house of the General Assembly, authorizing such project or projects or the reimbursement of all or any portion of the Commonwealth's share of the costs of such project or projects and, as to any project relating to a state institution of higher education, not specifically designated by the board of visitors of that institution as a project to be undertaken by the Authority. The Authority is hereby granted and shall have and may exercise all powers necessary or convenient for the carrying out of the aforesaid purposes, including, but without limiting the generality of the foregoing, the following rights and powers:

1. To have perpetual existence as a corporation.
2. To sue and be sued, implead and be impleaded, complain and defend in all courts.
3. To adopt, use, and alter at will a corporate seal.
4. To acquire, purchase, hold and use any property, real, personal or mixed, tangible or intangible, or any interest therein necessary or desirable for carrying out the purposes of the Authority; without limitation of the foregoing, to lease as lessee, with the approval of the Governor, any property, real, personal or mixed, or any interest therein for a term not exceeding ninety-nine years at a nominal rental or at such annual rental as may be determined; with the approval of the Governor, to lease as lessor to the Commonwealth of Virginia and any city, county, town or other political subdivision, or any agency, department, or public body of the Commonwealth, or land grant college, any project at any time constructed by the Authority and any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired by the Authority, whether wholly or partially completed; with the approval of the Governor, to sell, transfer and convey to the Commonwealth of Virginia, any project at any time constructed by the Authority; and, with the approval of the Governor, to sell, transfer and convey any property, real, personal or mixed, tangible or intangible, or any interest therein, at any time acquired by the Authority.
5. To acquire by purchase, lease, or otherwise, and to construct, improve, furnish, maintain, repair, and operate projects.

6. To make bylaws for the management and regulation of its affairs.

7. To fix, alter, charge, and collect rates, rentals, and other charges for the use of the facilities of, or for the services rendered by, the Authority, or projects thereof, at reasonable rates to be determined by it for the purpose of providing for the payment of the expenses of the Authority, the construction, improvement, repair, furnishing, maintenance, and operation of its facilities and properties, the payment of the principal of and interest on its obligations, and to fulfill the terms and provisions of any agreements made with the purchasers or holders of any such obligations.

8. To borrow money; make and issue negotiable notes, bonds, and other evidences of indebtedness or obligations (herein called "bonds") of the Authority and such bonds as the Authority may, from time to time, determine to issue for the purpose of refunding bonds previously issued by the Authority; to secure the payment of all bonds, or any part thereof, by pledge or deed of trust of all or any of its revenues, rentals, and receipts; to make such agreements with the purchasers or holders of such bonds or with others in connection with any such bonds, whether issued or to be issued, as the Authority shall deem advisable; and in general, to provide for the security for said bonds and the rights of holders thereof, provided that the total principal amount of such bonds outstanding at any time shall not exceed \$1,386 million.

The Authority shall submit an annual report to the Governor and General Assembly on or before November 1 of each year containing, at a minimum, the annual financial statements of the Authority for the year ending the preceding June 30. The annual report shall be distributed in accordance with the provisions of §2.1-467.

9. To make contracts of every name and nature, and to execute all instruments necessary or convenient for the carrying on of its business.

10. Without limitation of the foregoing, to borrow money and accept grants from, and to enter into contracts, leases or other transactions with, any federal agency.

11. To have the power of eminent domain.

12. To pledge or otherwise encumber all or any of the revenues or receipts of the Authority as security for all or any of the obligations of the Authority.

13. To do all acts and things necessary or convenient to carry out the powers granted to it by this article or any other acts.

14. To acquire, by assignment from the Commonwealth or the Virginia Retirement System, all contracts, including those which are not completed, which involve constructing, improving, furnishing, maintaining, and operating the structures, facilities, or undertakings similar to those designated herein as projects.

15. To enter into contractual agreements with localities or regional jail authorities undertaking a jail project for which the financing or refinancing of reimbursements of all or any portion of the Commonwealth's share of the costs of such project will be made pursuant to subsection A 3 of §53.1-82.2.

Except as otherwise provided by law, when projects are to be constructed, improved, furnished, maintained, repaired or operated for the use of any department of the Commonwealth, as hereinbefore

listed in this section, no plans or specifications therefor shall be presented for quotations or bids until such plans and specifications shall have been submitted to and approved by the Department of General Services and any other department of the Commonwealth having any jurisdiction over the projects, so that the project will conform to standards established by such departments.



Go to [\(previous section\)](#) or [\(next section\)](#) or [\(General Assembly Home\)](#)

Revenue bonds generally

The Authority is hereby authorized to provide for the issuance, at one time or from time to time, of revenue bonds of the Authority for the purpose of paying all or any part of the cost of any one or more projects or of any portion or portions thereof. The principal of and the interest on such bonds shall be payable solely from the funds provided in this article for such payment. Any bonds of the Authority issued pursuant to this article shall not constitute a debt of the Commonwealth, or any political subdivision thereof other than the Authority, and shall so state on their face. Neither the members of the Authority nor any person executing such bonds shall be liable personally thereon by reason of the issuance thereof. The bonds of each issue shall be dated, shall bear interest, shall mature at such time or times not exceeding forty years from their date or dates, as may be determined by the Authority, and may be made redeemable before maturity, at the option of the Authority, at such price or prices and under such terms and conditions as may be fixed by the Authority, at such price or prices and under such terms and conditions as may be fixed by the Authority prior to the issuance of the bonds. The Authority shall determine the form and the manner of execution of the bonds, including any interest coupons to be attached thereto, and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest, which may be at any bank or trust company within or without the Commonwealth. In case any officer whose signature or a facsimile of whose signature shall appear on any bonds or coupons shall cease to be such officer before the delivery of such bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery. The bonds may be issued in coupon or in registered form or both, as the Authority may determine, and provision may be made for the registration of any coupon bonds as to principal alone and also as to both principal and interest, for the reconversion into coupon bonds of any bonds registered as to both principal and interest, and for the interchange of registered and coupon bonds. The Authority may sell such bonds in such manner, either at public or private sale, and for such price as it may determine will best effect the purposes of this chapter.

The proceeds of the bonds of each issue shall be used solely for the payment of the cost of the projects for which such bonds shall have been issued, and shall be disbursed in such manner and under such restrictions, if any, as the Authority may provide in the resolution authorizing the issuance of such bonds or in the trust agreement hereinafter mentioned securing the same. If the proceeds of the bonds of any issue, by error of estimates or otherwise, shall be less than such cost, additional bonds may in like manner be issued to provide the amount of such deficit, and, unless otherwise provided in the resolution authorizing the issuance of such bonds or in the trust agreement securing the same, shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority of the bonds first issued. If the proceeds of the bonds of any issue shall exceed such cost, the surplus shall be deposited to the credit of the sinking fund for such bonds, or may be applied to the payment of the cost of any additional project or projects.

Prior to the preparation of definitive bonds, the Authority may, under like restrictions issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when such bonds shall have been executed and are available for delivery. The Authority may also provide for the replacement of any bonds which shall become mutilated or shall be destroyed or lost. Bonds may be issued under the provisions of this chapter without obtaining the consent of any department, division, commission, board, bureau or agency of the Commonwealth, and without any other proceedings or the happening of any other conditions or things than those proceedings, conditions or things which are specifically required by this article.

Trust agreement securing bonds

In the discretion of the Authority any bonds issued under the provisions of this article may be secured by a trust agreement by and between the Authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the Commonwealth. Such trust agreement or the resolution providing for the issuance of such bonds may pledge or assign the revenues to be received, but shall not convey or mortgage any project or any part thereof. Such trust agreement or resolution providing for the issuance of such bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the Authority in relation to the acquisition of property and the acquisition, construction, establishment, improvement, extension, enlargement, maintenance, repair, operation and insurance of the project or projects in connection with which such bonds shall have been authorized, the rates and fees to be charged, the custody, safeguarding and application of all moneys, and conditions or limitations with respect to the issuance of additional bonds. It shall be lawful for any bank or trust company incorporated under the laws of the Commonwealth which may act as depository of the proceeds of bonds or of revenues to furnish such indemnifying bonds or to pledge such securities as may be required by the Authority. Any such trust agreement may set forth the rights of action by bondholders. In addition to the foregoing, any such trust agreement or resolution may contain such other provisions as the Authority may deem reasonable and proper for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the operation of the project or projects.

§ 2.1-234.16

Rents, fees and charges for services or use of facilities; use and disposition of revenues

The Authority is hereby authorized to fix, revise, charge, and collect rates, fees, and other charges for the use of or for the services and facilities furnished by each project and the different parts thereof, and to contract with any agency, commission or political subdivision desiring the use of any part thereof, and to fix the terms, conditions, rents, and rates of charges for such use. Such rates, fees, and other charges shall be so fixed and adjusted so that revenues of the Authority, together with any other available funds, will be sufficient at all times to pay (i) the cost of maintaining, repairing and operating such project or projects and (ii) the principal of and the interest on such bonds as the same shall become due and payable, and to create reserves for such purposes. Such rates, fees, and other charges shall not be subject to supervision or regulation by any other commission, board, bureau, or agency of the Commonwealth. The revenues derived from the project or projects in connection with which the bonds shall have been issued, except such part thereof as may be necessary to pay such cost of maintenance, repair and operation and to provide such reserves therefor as may be provided for in the resolution authorizing the issuance of such bonds or in the trust agreement securing the same, shall be set aside at such regular intervals as may be provided in such resolution or such trust agreement in a sinking fund which is hereby pledged to, and charged with, the payment of the principal of and the interest on such bonds as the same shall become due, and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time when the pledge is made, the revenues or other moneys so pledged and thereafter received by the Authority shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. Neither the resolution nor any trust agreement by which a pledge is created need be filed or recorded except in the records of the Authority. The use and disposition of moneys to the credit of such sinking fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds or of such trust agreement. Except as may otherwise be provided in such resolution or such trust agreement, such sinking fund shall be a fund for all such bonds without distinction or priority of one over another.

§ 2.1-234.17

Moneys received deemed trust funds

All moneys received pursuant to the authority of this article, whether as proceeds from the sale of bonds or as revenues, shall be deemed to be trust funds to be held and applied solely as provided in this article. The resolution authorizing the bonds of any issue or the trust agreement securing such bonds shall provide that any officer with whom, or any bank or trust company with which, such moneys shall be deposited shall act as a trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to such regulations as this article and such resolution or trust agreement may provide.

§ 2.1-234.18

Proceedings by bondholder or trustee to enforce rights

Any holder of bonds issued under the provisions of this article or any of the coupons appertaining thereto, and the trustee under any trust agreement, except to the extent the rights herein given may be restricted by such trust agreement or the resolution authorizing the issuance of such bonds, may, either at law or in equity, by suit, action, mandamus or other proceeding, protect and enforce any and all rights under the laws of the Commonwealth or granted hereunder or under such trust agreement or resolution, and may enforce and compel the performance of all duties required by this article or by such trust agreement or resolution to be performed by the Authority or by any officer thereof, including the fixing, charging, and collecting of rates, fees, and other charges.

§ 2.1-234.19

Bonds made securities for investment and deposit

Bonds issued by the Authority under the provisions of this article are hereby made securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are hereby made securities which may properly and legally be deposited with and received by any state or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

Revenue refunding bonds; bonds for refunding and for cost of additional projects

The Authority is hereby authorized to provide for the issuance of revenue refunding bonds of the Authority for the purpose of refunding any bonds then outstanding which shall have been issued under the provisions of this article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and, if deemed advisable by the Authority, for the additional purpose of constructing improvements, extensions, or enlargements of the project or projects in connection with which the bonds to be refunded shall have been issued. The Authority is further authorized to provide by resolution for the issuance of its revenue bonds for the combined purpose of (i) refunding any bonds then outstanding which shall have been issued under the provisions of this article, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and (ii) paying all or any part of the cost of any additional project or projects or any portion or portions thereof. The issuance of such bonds, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties and obligations of the Authority in respect of the same shall be governed by the provisions of this article insofar as the same may be applicable.

§ 2.1-234.21

Contracts, leases and other arrangements

A. In connection with the operation of a facility owned or controlled by the Authority, the Authority may enter into contracts, leases, and other arrangements with any person or persons (i) granting the privilege of using or improving the facility or any portion or facility thereof or space therein consistent with the purposes of this article; (ii) conferring the privilege of supplying goods, commodities, things, services, or facilities at the facility; and (iii) making available services to be furnished by the Authority or its agents at the facility.

In each case the Authority may establish the terms and conditions and fix the charges, rentals, or fee for the privilege or service, which shall be reasonable and uniform for the same class of privilege or service at each facility and shall be established with due regard to the property and improvements used and the expenses of operation to the Authority.

B. Except as may be limited by the terms and conditions of any grant, loan or agreement authorized by §2.1-234.23, the Authority may by contract, lease, or other arrangements, upon a consideration fixed by it, grant to any qualified person, for a term not to exceed thirty years, the privilege of operating, as agent of the Authority or otherwise, any facility owned or controlled by the Authority; provided that no person shall be granted any authority to operate a facility other than as a public facility or to enter into any contracts, leases, or other arrangements in connection with the operation of the facility which the Authority might not have undertaken under subsection A of this section.

C. In connection with a project leased to a trust instrumentality of the United States where such trust instrumentality has agreed with the Authority to pay rent which together with payments or contributions by the Commonwealth and any political subdivision are sufficient to pay the principal of and interest on the Authority's bonds issued to finance such project, the Authority may agree that such trust instrumentality shall assume all responsibility for the acquisition, construction, operation, maintenance, and repair of the project and may further agree that when the principal of all such bonds of the Authority and the interest thereon have been paid in full or provision made therefor satisfactory to the Authority, the trust instrumentality may acquire the Authority's interest in such project without payment of additional consideration.

§ 2.1-234.22**Resolutions, rules and regulations, etc**

The Authority is authorized to adopt, amend, and repeal such reasonable resolutions, rules, regulations, and orders as it shall deem necessary for the management, government, and use of any facility owned by it or under its control. No rule, regulation, order, or standard prescribed by the Authority shall be inconsistent with, or contrary to, any law of this Commonwealth or act of the Congress of the United States or any regulation promulgated or standard established pursuant thereto. The Authority shall keep on file at the principal office of the Authority for public inspection a copy of all its rules and regulations.

§ 2.1-234.23**Grants or loans of public or private funds**

The Authority is authorized to accept, receive, receipt for, disburse, and expend federal and state moneys and other moneys, public or private, made available by grant or loan or both, to accomplish, in whole or in part, any of the purposes of this article. All federal moneys accepted under this section shall be accepted and expended by the Authority upon such terms and conditions as are prescribed by the United States and as are consistent with state law; and all state moneys accepted under this section shall be accepted and expended by the Authority upon such terms and conditions as are prescribed by the Commonwealth.

§ 2.1-234.24**Exemption from taxes or assessments**

The exercise of the powers granted by this article will be in all respects for the benefit of the people of the Commonwealth, for the increase of their commerce and prosperity, and for the improvement of their health and living conditions, and as the operation and maintenance of projects by the Authority will constitute the performance of essential governmental functions, the Authority shall not be required to pay any taxes or assessments upon any project or any property acquired or used by the Authority under the provisions of this article or upon the income therefrom, and any bonds issued under the provisions of this article, their transfer and the income therefrom (including any profit made on the sale thereof) shall at all times be free from taxation within the Commonwealth; provided that the exemption hereby granted shall not be construed to extend to persons conducting on the premises of a facility businesses for which local or state taxes would otherwise be required.



Go to [\(previous section\)](#) or [\(next section\)](#) or [\(General Assembly Home\)](#)

§ 2.1-234.25

Governing body of Authority

The powers of the Authority shall be exercised by a governing body consisting of the members of the Authority acting as a board. The board shall elect in each odd-numbered year from their number a chairman, a vice-chairman, a treasurer and a secretary. In the absence of the chairman, the vice-chairman shall exercise the powers and duties thereof. The offices of secretary and treasurer may be combined. The board may elect such other officers from its own membership or from without as it deems appropriate.

Four members shall constitute a quorum of the board for the purpose of organizing the Authority and conducting the business thereof and for all other purposes, and all actions shall be taken by vote of a majority of the members of the Authority, unless in any case the bylaws shall require a larger number.

The board shall have full authority to manage the properties and business of the Authority, and to prescribe, amend, and repeal bylaws, rules, and regulations governing the manner in which the business of the Authority may be conducted, and the powers granted to it may be exercised and embodied. The board may assign to the Treasury Board or the State Treasurer such powers and duties as it may deem proper.

§ 2.1-234.26

Moneys of Authority

All moneys of the Authority, from whatever source derived, shall be paid to the treasurer of the Authority. Such moneys shall be deposited in the first instance by the treasurer in one or more banks or trust companies, in one or more special accounts, and each of such special accounts shall be continuously secured by a pledge of direct obligations of the United States of America or of the Commonwealth, having an aggregate market value, exclusive of accrued interest, at all times at least equal to the balance on deposit in such account. Such securities shall either be deposited with the treasurer or be held by a trustee or agent satisfactory to the Authority. All banks and trust companies are authorized to give such security for such deposits. The moneys in such accounts shall be paid out on the warrant or other order of the treasurer of the Authority, or of such other person or persons as the Authority may authorize to execute such warrants or orders. The Auditor of Public Accounts of the Commonwealth, and his legally authorized representatives are hereby authorized and empowered from time to time to examine the accounts and books of the Authority, including its receipts, disbursements, contracts, leases, sinking funds, investments, and any other matters relating to its finances, operation and affairs.

§ 2.1-234.27**Competition in award of contracts; contractors to give surety; terms of contracts**

If any project or any portion thereof or any improvement thereof shall be constructed, or furnished pursuant to a contract and the estimated cost thereof exceeds \$10,000, such contract shall be awarded to the lowest responsible bidder after advertisement for bids. The Authority may make rules and regulations for the submission of bids and the construction, furnishing, or improvement of any project or portion thereof. No contract shall be entered into for construction, furnishing, or improvement of any project, or portion thereof, or for the purchase of materials, unless the contractor shall give an undertaking with a sufficient surety or sureties approved by the Authority, and in an amount fixed by the Authority in accordance with § 11-58, for the faithful performance of the contract; and such contract shall be accompanied by an additional bond for the protection of those who furnish labor and material or rental equipment for such amount and subject to the same terms and conditions as established by the Authority in accordance with § 11-58. All construction contracts shall provide, among other things, that the person or corporation entering into such contract with the Authority will pay for all materials furnished, rental equipment used and services rendered for the performance of the contract, and that any person or corporation furnishing such materials, rental equipment or rendering such services may maintain an action to recover for the same against the obligor in the undertaking as though such person or corporation was named therein, provided the action is brought within one year after the time the cause of action accrued. The additional bond shall be conditioned upon the prompt payment of actual equipment rentals and shall not be conditioned upon or guarantee payment of equipment rentals, all or any part of which, directly or indirectly, apply on the purchase price of such equipment under the terms of a bailment lease or conditional sales contract or by any other arrangement by which title to the equipment will be transferred to the contractor and the rentals form any part of the consideration.

Subject to the aforesaid, the Authority may, but without intending by this provision to limit any powers of such Authority, enter into and carry out such contracts, or establish or comply with such rules and regulations concerning labor and materials to rental equipment and other related matters in connection with any project, or portion thereof, as the Authority may deem desirable.

§ 2.1-234.28**Eminent domain; right of entry**

The Authority is hereby vested with the power of eminent domain and may exercise the same for the purposes set forth in this article. If the owner, lessee, or occupier of any property to be condemned or otherwise acquired shall refuse to remove his property therefrom or give up possession thereof, the Authority may proceed to obtain possession in any manner provided by law.

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

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OF COUNSEL
PETER ARGETSINGER

MEMORANDUM

TO: Dennis DeWitt

FROM: Eric Wohlforth *GEW*

DATE: December 17, 1997

SUBJECT: Attorneys Contacted on Deferred Maintenance Financing Bill

I have talked with Lewis Greenbaum of Katten Muchin & Zavis, Chicago, Illinois, about reviewing the draft bill and making suggestions on the taxability question. He estimates from \$5,000 to \$10,000 to perform this function. He will be here in Anchorage on a closing on December 29 and 30 and could then be in conference with us. Lewis is a distinguished public finance attorney with a broad background who is familiar with Alaska as he has worked here with clients before. His partner, Milton S. Wakschlag, a tax-exempt specialist is currently chair of the American Bar Association Tax Committee. Lewis' firm is working for Robert LeResche and John Nuveen & Co. who are potential underwriters in the financing. I do not feel that this would impair the value of his work, but others might not feel this.

Lewis' work would include a written analysis as to whether he agrees or does not agree with my memo and necessary dialogue with you. I believe you could cap his fee at \$4,000.

My other suggestion is Roger Davis who is the head of the Public Finance Department of Orrick, Herrington and Sutcliffe of San Francisco. Roger estimates a fee of \$8,500 to complete the work early in February. I have faxed both to Roger and to Lewis a copy of the draft bill and my memo.

cc:Mail for: Denny DeWitt

Subject: Re: ESA etc.

▷ **Forwarded:** Annette Kreitzer 12/15/97 8:16 AM

To: Denny DeWitt

Denny -
per Senator Leman's request I'm forwarding this correspondence.

Subject: Re: ESA etc.

From: Senator Loren Leman at LAA_SLEM

Date: 12/11/97 11:41 AM

Please pass on Boutin's recommendation to Denny Dewitt.

Loren

Subject: ESA etc.

From: Annette Kreitzer at LAA_CAP

Date: 12/4/97 9:56 AM

Loren:

I believe Mike Pauley pulled a copy of Ron Sommerville's ESA analysis off the fax machine for you. I have a copy here as well. Ron wondered if you had any questions for him (463-3830 AOC or home 780-4812).

SECONDLY:

Tom Boutin called this morning. Said he read your comments about the funding of deferred maintenance projects. Tom has solid finance experience and was recently hired by the Department of Law to provide expert testimony on the financing of the Willoughby Ave. DNR building vs. a former Dept. of Revenue Commissioner.

He said Bill Mantel with Preston, Ellis, Gates of Seattle (206) 623-7580 is THE tax consultant that you should talk with about any scheme to fund deferred maintenance with tax-exempt bonds. Boutin says from his experience that what you have heard so far about the IRS being concerned about the state using the permanent fund to guarantee repayment because they would look at the PF and say, "hey, why do you need to offer tax-exempt bonds when you have all of this money is savings" is a true hurdle. IRS won't care if the state issues taxable bonds, but not tax-exempt. But, if anyone could devise a scheme, it would be Mr. Mantel.

Boutin also said that it is a red herring for people to claim that using the PF to fund government operations would lessen the IRS' concern. There is no linkage there.

Tom's number is 789-7936 if you want to talk with him about this.

PRESTON GATES & ELLIS LLP
ATTORNEYS

MEMORANDUM

To: **Forrest Browne**

From: **Forrest Walls**

Date: **March 4, 1997**

Subject: **Senate Bill 37**

Post-It® Fax Note	7871	Date 2-18	# of pages 5
To	Denny Dawitt	From	Forrest Browne
Co./Dept.		Co.	
Phone #		Phone #	465-3750
Fax #	3319	Fax #	

We have reviewed the above bill providing for an Education Facilities Financing Authority which you faxed to me last Friday afternoon. While we have not had an opportunity to fully research the issues which the bill raises, I can offer the following comments.

The bill authorizes the Authority to issue "revenue bonds or notes" and provides for the creation of "capital reserve funds" funded out of state monies which "shall be used as required solely for (1) the payment of the principal of, and interest on," and to other-wise secure, the bonds. As outlined in more detail in Bill Mantle's memorandum of February 12, 1997 (attached) to Tim Benintendi, Section 148 of the Federal Internal Revenue Code of 1986, and its implementing regulations classify funds established, as this fund is apparently intended, to pay and secure the payment of outstanding bonds, as sinking funds. If bonds are secured by a sinking fund, the moneys in that fund must be invested at a yield no greater than the yield on the bonds secured or the interest on such bonds will be taxable, not tax exempt.

In general, this rule applies equally to general obligation bonds and revenue bonds. Revenue bonds may be secured by a reasonably required reserve or replacement fund (an RRRR fund) which may be invested at yields higher than that of the bonds (an arbitrage yield). However, such RRRR funds are limited in size (not more than the lesser of 10% of the issue size or certain other similar limits). Also, it seems doubtful that a "capital reserve fund" would qualify as an RRRR fund since the bonds in question are not revenue bonds in the usual sense of that term since as they are not secured by the revenues of a revenue producing enterprise. Also, if the capital reserve fund were the primary or sole security for such bonds it does not operate in the usual capacity of an RRRR fund and there would be a clear nexus between the fund and the payment of debt service on the bonds making clear the status of the fund as a sinking fund. See Rev. Rul. 80-13, 1982-1 C. B. 21.

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Memorandum
March 4, 1997
Page 2

In summary, the capital reserve funds appear likely to be classified as sinking funds by the IRS with the result that the interest on any bonds secured by such funds would be taxable unless yield on investment of such funds was restricted to the yield on the bonds so secured.

The second issue raised by the bill is whether or not the bonds of the Authority must be approved by the voters of the state under the requirements of Article IX, Section 8 of the Alaska Constitution. Although the bonds authorized are characterized as "revenue bonds", and the bill states several times that they are not to be considered as a debt or liability of the state, such bonds constitute debt incurred on behalf of the state, for state purposes, and are to be payable, at least in part, out of state funds which are pledged to that purpose. Thus, they look and function very much like general obligation bonds of the state. Such financing arrangements, using a semi-independent financing authority, have been created a number of times in other states which have constitutional limitations on state debt. The courts have not been uniform in determining whether such efforts successfully avoid constitutional requirements. It may be that such a financing plan would be upheld by the courts but, in the absence of detailed and careful documentation of that issue, the validity of such bonds without a vote should be regarded as an open question. A test case may be a useful way of obtaining a reliable determination of that issue.

If such research has been done we would be happy to review it or, if not, we could undertake such research upon your request.

Attachment: Mantle memo of 2/12/97
cc: Jim Baldwin



PRESTON GATES & ELLIS LLP
ATTORNEYS

MEMORANDUM

To: Tim Benintendi

From: Bill Mantle *BM*

Date: February 12, 1997

Subject: Comments on Public Facilities Capital Fund Legislation

By fax to Forrest Walls you have asked for our comments on proposed Alaska legislation that would add a provision to the Constitution of the State of Alaska creating a public facilities capital fund. Income of the public facilities capital fund would be withdrawn and used to pay the principal and interest on state general obligation bonds issued for acquisition, construction, and major maintenance and renovation of roads and highways, schools, airports, harbors and ports, water and sewer projects, correctional facilities, and buildings that are wholly owned by the state, by a municipality or school district of the state or by the University of Alaska.

Arbitrage Summary

Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), contains rules restricting the arbitrage that may be earned on proceeds of tax-exempt bonds issued by state and local governmental units. Those rules generally require that tax-exempt bond proceeds, and other amounts that are treated as bond proceeds, be invested at rates of investment return that are not materially higher than the yield on the tax-exempt bonds. The Code allows certain bond proceeds, such as proceeds to be expended on construction projects, to be invested at arbitrage yields for limited periods of time. Money to be used to pay current debt service on tax-exempt bonds may be invested at arbitrage yields provided the fund in which such amounts are accumulated is completely expended each year. In addition, reasonably required reserve or replacement funds may be invested at arbitrage yields. The Code does not allow this type of fund for general obligations bonds such as those proposed to be secured by the public facilities capital fund.

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Memorandum
February 12, 1997
Page 2

Replacement Proceeds and Pledged Funds

The arbitrage rules of Section 148 of the Code cover the original sale proceeds of tax-exempt bonds and amounts earned by investing those sale proceeds. In addition, they also cover what are called "replacement proceeds." Replacement proceeds are defined by Treasury Regulation 1.148-1(b) as amounts that have a "sufficient direct nexus to the issue or to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose." The regulations also provide that replacement proceeds include, but are not limited to, sinking funds, pledged funds and other amounts to the extent that those funds or amounts are held by or derived from a substantial beneficiary of the bond issue.

Our concern with the proposed public facilities capital fund is that it will be considered by the IRS to be a "pledged fund." Treasury Regulations provide that a pledged fund is any amount that is directly or indirectly pledged to pay principal or interest on a bond issue. A pledge need not be cast in any particular form, but in substance, must provide reasonable assurance that the amount will be available to pay principal or interest on the issue, even if the issuer encounters financial difficulties.

There is a long history of IRS rulings on replacement proceeds, sinking funds and pledged funds. The definition of replacement proceeds as amounts having a nexus to the issue or the governmental purpose of the issue is consistent with Rev. Rul. 78-348, 1978-2 C.B. 95 in which the IRS stated that in order for there to be funds replaced by the proceeds of an issue of tax-exempt obligations, there must exist a "nexus or sufficiently direct relationship" between the obligations and the replaced funds. The status of sinking funds as replacement proceeds (with their "nexus" being a reasonable expectation that amounts on deposit therein will be used to pay debt service) is consistent with Rev. Rul. 82-101, 1982-1 C.B. 21.

In addition the IRS has held that although a pledge of funds need not be cast in a particular legal form, there must be a reasonable assurance that the collateral will be available if needed to pay debt service. Rev. Rul. 79-134, 1979-1 C.B. 76. It has also been held by the IRS that replacement proceeds may arise any time, regardless of whether the creation of the replacement is reasonably expected by the issuer on the date the bonds are issued. Rev. Rul. 80-328, 1980-2 C.B. 53; Rev. Rul. 80-13, 1980-1 C.B. 27; Rev. Rul. 78-349, 1978-2 C.B. 96.

Of particular interest to the proposed public facilities capital fund is Rev. Rul 82-101, 1982-1 C.B. 21, which is often referred to as the "Alabama" ruling. In that ruling, a state created a trust fund using the proceeds for the sale of land. The corpus of the fund could not be invaded and the investment income on the fund could be spent only upon an appropriation by the state legislature. Shortly after the creation of the fund, the state issued general obligation bonds that had been approved at the same time as the fund in a voter referendum. The income on the fund was equal to the average annual debt service on the bonds. The IRS held that the state reasonably

Memorandum
February 12, 1997
Page 3

expected to pay the debt service on the bonds from the investment income on the funds that there was, in effect, an underlying arrangement between the creation of the fund and the issuance of the bonds.

Allocation of Fund to Each Bond Issue

We believe that the proposed public facilities capital fund will be viewed by the IRS as replacement proceeds of the state general obligation bonds that have principal and interest payments secured by the income from the fund. As such, the fund will be subject to yield limitations relating to each bond issue that may be secured by the fund. Administering this yield restriction will involve allocation on the corpus of the fund periodically (at least every 3 years) to each bond issue and manipulation of the investment yield of the portfolio so that the investment allocated to each bond issue do not exceed the yield on the various bonds. Treasury Regulation 1.148-6(e)(6). The yield reduction payments provisions of Treasury Regulation 1.148-5(e) which allow for payments to be made to the IRS to reduce impermissible arbitrage yield do not apply to this type of sinking fund.

Conclusion

If the money in the fund is not allocated among the bond issues the fund secures, and if yield in such money is not restricted to the yield on such bonds, interest on the bonds becomes taxable. The holder of the bonds would then suffer a significant loss as a result, which they would probably seek to recover from the state. It seems likely that they would succeed in doing so.

cc: Forrest W. Walls
Forrest Browne

ALASKA STATE LEGISLATURE

Rep. Eldon Mulder, Co-Chair
Rep. Kim Elton
Rep. Richard Foster
Rep. Jeannette James
Rep. Beverly Masek
Rep. Gail Phillips



Sen. Tim Kelly, Co-Chair
Sen. Loren Leman
Sen. Georgianna Lincoln
Sen. Robin Taylor
Sen. Gary Wilken
Sen. Mike Miller

DEFERRED MAINTENANCE TASK FORCE

Capitol Building, Room 501 • Juneau, Alaska 99801 • Phone (907) 465-2647 • FAX (907) 465-3518

FAX

TO: Roger Davis
FAX # 415 773-5759

FROM: Denny DeWitt, Legislative Assistant
Representative Eldon Mulder
Phone # 907-465-2647
FAX # 907-465-3518
E-mail: Dennis_DeWitt@legis.state.ak.us

DATE: December 18, 1997

PAGES: 6, including cover

SUBJECT: Preston, Gates & Ellis Memo

COMMENTS: I attached the memo that has somewhat set the tone for discussion in the mind of some. I believe we have made some changes in the proposal Mr. Wohlforth sent you. Nonetheless, I thought it would be helpful if you had a feel of what needed to be countered.

I have our contract folks working on a contract. Judy has been most helpful in getting information we need to fill out the forms.

I need to talk to you about the fee. I will try to call you tomorrow.

I'm looking forward to working with you on this project.

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

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OF COUNSEL
PETER ARGETSINGER

MEMORANDUM

TO: Dennis Dewitt

FROM: Eric Wohlforth

DATE: December 16, 1997

SUBJECT: Public Facilities Financing Corporation Work Draft 12/01/97

Arbitrage and legal issues could be avoided if the following changes were made:

1. Page 8, line 29, page 9, line 3 and page 10, line 19 delete "1,500,000,000" and insert "such amount as may be determined by the corporation."

Taking a fixed fund level requirement out of the statute may be important if tax exempt financing is desired. This change will postpone the issue until the corporation is ready to issue Bonds.

2. Add a new (c) to Sec. 34.45.210 on page 2:

"(c) No amounts may be paid from the fund for any purpose unless appropriated by law."

3. Page 6, lines 1 and 2, delete the sentence beginning with "An agreement not to modify an appropriation..." Suggestions 2 and 3 are necessary to avoid possible unconstitutionality.

4. Should the authorized purpose be "construction, repair, major maintenance and renovation" (page 3, lines 29 and 30) or "deferred maintenance and construction" (page 4, lines 15 and 16)?

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A Professional Corporation

Attorneys at Law

900 West 5th Avenue, Suite 600

Anchorage, Alaska 99501

FACSIMILE COVER PAGE

FILE NO.: G/O

DATE: December 17, 1997

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: DENNIS DeWITT
Alaska State Legislature

FAX: 258-5511

FROM: Eric Wohlforth

TOTAL NUMBER OF PAGES INCLUDING THIS PAGE: 2

COMMENTS:

ORIGINAL DOCUMENT TO FOLLOW VIA: N/A

If you do not receive all pages, please call back as soon as possible: Operator
Gloria Bullock at (907) 276-6401. Our telecopier number is (907) 276-5093.

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(c) ANCHORAGE DAILY NEWS

HL: OPINION

DT: 11/25/97

DY: Tuesday

SE: Metro

PG: B6

ED: Final

LE: Medium

TY: Staff

LP: Time for repairs

Maintenance task force weighs in

Alaska, so young in the cavalcade of states, has some old business to attend. Maintenance -- hundreds of millions of dollars in postponed repairs -- demands our attention. The leaking ceilings, the cracked walls, the nasty potholes no longer can be ignored.

TX: A legislative task force on deferred maintenance, which has been meeting for months, recommends spending \$1.5 billion over seven to 10 years to fix up Alaska public facilities. The money in large measure would come from the Constitutional Budget Reserve through some creative accounting that would allow lawmakers to borrow from the fund.

Is this an idea whose time has come? Sen. Tim Kelly, co-chairman of the committee, is confident the plan will work. Critics outside the Legislature, however, worry that the Internal Revenue Service will challenge the plan because of various provisions that take advantage of tax-free financing. Private corporations could not behave this way, the reasoning goes, so why should the state have the privilege? Lawmakers have plenty of time to achieve certainty when the session begins, and that's exactly what they should do through the hearing process where experts, with lawmakers and members of the Knowles administration, can challenge assumptions, explore alternatives and eliminate surprises. There is no excuse for putting together a financing package that itself will need maintenance in a couple of years. Legislators -- and the administration -- also should use the session to draw boundaries on the term "deferred maintenance." New roads, new schools and new offices should not be permitted to creep into the maintenance budget. New projects should be forced to compete for attention in the capital budget. It's the holiday season, but deferred maintenance should not become an excuse to put up a Christmas tree.

Finally, everyone in Juneau has to realize that a seven-to-10-year maintenance plan is only part of the answer for Alaska. While contractors are busy repairing \$1.5 billion worth of wear, other facilities will be aging. Ten years from now we could be facing another deferred maintenance crisis if we don't make repairs as we go along.

Maintenance doesn't stir many souls. Nobody is going to stand up on the floor of the Legislature and bellow, "Give me maintenance or give me death." But the work must be done, and it should be routinely. The cost of delay can be measured in the billions.

~~Holiday giving~~

~~Red kettles and other opportunities~~

~~Thousands of locals are gearing up for Thanksgiving, a national day of feasting. Some will enjoy Thursday's celebration a bit more because they took time beforehand to help others less fortunate than themselves. Perhaps they bought two turkeys -- one to cook and one to donate to a nonprofit organization that helps hungry people. Or perhaps they invited a lonely neighbor to join them. Giving can take many forms.~~

~~But usually at its core are compassion and kindness. It takes compassion to see that others have unmet needs and to try and meet them in a healthy way. It takes kindness to reach out to people with a gift,~~

WOHLFORTH, ARGETSINGER, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

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OF COUNSEL
PETER ARGETSINGER

May 6, 1997

Robert E. LeResche
John Nuveen & Co. Incorporated
4270 Glacier Highway
Juneau, AK 99801

Re: Educational Facilities Financing Authority Legislation

Dear Mr. LeResche:

We understand that you have been advised that provisions of Senate Bill 37 will cause interest on the bonds issued thereunder to become taxable and/or may require test litigation to establish the validity of the legislation.

We do not agree. Although AS 44.27.200(a) provides that the Authority may pledge amounts in the fund that exceed \$1.2 billion, this is entirely permissive and no such pledge is required by the legislation. The provisions of the bill do not contain limitations on the fund except for requirements that bonds may not be issued until the fund exceeds \$1.2 billion and agreements may not be entered into with the University or a municipality unless the fund exceeds this amount. There is nothing in the bill which, in our opinion, would automatically cause a determination by the IRS that money in the fund will be replacement proceeds and be restricted to bond yield.

We believe that the Alabama ruling is distinguishable because there is no prohibition on use of corpus or principal of the fund similar to that considered in the Alabama ruling.

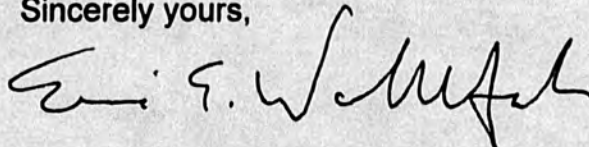
The form of the financing which will develop from the legislation will determine whether interest on the bonds is tax exempt. The form of the financing will be developed after consultation with specialist tax attorneys. In our opinion a properly configured financing could occur under this legislation without running a substantial risk of causing interest on the bonds to become taxable. It is likely that there could be no pledge or covenants with respect to amounts in the Fund. In any

Robert E. LeResche
May 6, 1997
Page 2

event, no financing would occur under the legislation unless and until there was absolute clarity on the question of tax-exempt interest.

We do not believe that bonds issued under the bill must be approved by the voters under Article IX, Section 8 of the Alaska Constitution. There are forms of debt which look and function like a general obligation bond in the state but do not constitute general obligation debt. Alaska first approved the use of a public authority or corporation to issue non-state debt for public purposes in 1962. (*De Armond v. Alaska State Dev. Corp.*, 376 P.2d 717 (AK 1962)). Case law since that time has confirmed that decision on many occasions, most recently in *Carr Gottstein Properties v. State of Alaska*, 899 P.2d 136 (AK 1995). The essential requirement is that debt service payments be subject to annual legislative appropriation.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Eric E. Wohlforth", written in a cursive style.

Eric E. Wohlforth

EEW:jlf

Sheet1

Category	Total Amount	Percentage	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	
schools	296	20.85%	\$62,535.2	\$52,112.7	\$52,112.7	\$52,112.7	\$41,690.1	\$35,436.6	
university	188	13.24%	\$39,718.3	\$33,098.6	\$33,098.6	\$33,098.6	\$26,478.9	\$22,507.0	
hwy, ferry, airport	299	21.06%	\$63,169.0	\$52,640.8	\$52,640.8	\$52,640.8	\$42,112.7	\$35,795.8	
harbors	55	3.87%	\$11,619.7	\$9,683.1	\$9,683.1	\$9,683.1	\$7,746.5	\$6,584.5	
public facilities	173	12.18%	\$36,549.3	\$30,457.7	\$30,457.7	\$30,457.7	\$24,366.2	\$20,711.3	
water & sewer	105	7.39%	\$22,183.1	\$18,485.9	\$18,485.9	\$18,485.9	\$14,788.7	\$12,570.4	
replacement	304	21.41%	\$64,225.4	\$53,521.1	\$53,521.1	\$53,521.1	\$42,816.9	\$36,394.4	
	1420	100.00%							
Category	Total Amount	Percentage	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	
schools	560	39.44%	\$118,309.9	\$98,591.5	\$98,591.5	\$98,591.5	\$78,873.2	\$67,042.3	
university	228	16.06%	\$48,169.0	\$40,140.8	\$40,140.8	\$40,140.8	\$32,112.7	\$27,295.8	
hwy, ferry & airport	299	21.06%	\$63,169.0	\$52,640.8	\$52,640.8	\$52,640.8	\$42,112.7	\$35,795.8	
harbors	55	3.87%	\$11,619.7	\$9,683.1	\$9,683.1	\$9,683.1	\$7,746.5	\$6,584.5	
public facilities	173	12.18%	\$36,549.3	\$30,457.7	\$30,457.7	\$30,457.7	\$24,366.2	\$20,711.3	
water & sewer	105	7.39%	\$22,183.1	\$18,485.9	\$18,485.9	\$18,485.9	\$14,788.7	\$12,570.4	
	1420	100.00%							
Category	Total Amount	Percentage	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Total
schools	560	39.44%	\$115,197.1	\$100,000.0	\$100,000.0	\$100,000.0	\$76,760.5	\$68,042.3	\$560,000.0
university	228	16.06%	\$50,281.8	\$38,732.3	\$38,732.3	\$38,732.3	\$34,225.4	\$27,295.8	\$228,000.0
hwy, ferry & airport	299	21.06%	\$63,084.5	\$52,640.8	\$52,640.8	\$52,640.8	\$42,112.7	\$35,880.3	\$299,000.0
harbors	55	3.87%	\$18,204.2	\$9,683.1	\$9,683.1	\$9,683.1	\$7,746.5	\$0.0	\$55,000.0
public facilities	173	12.18%	\$35,049.3	\$30,457.7	\$30,457.7	\$30,457.7	\$23,366.2	\$23,211.3	\$173,000.0
water & sewer	105	7.39%	\$18,183.1	\$18,485.9	\$18,485.9	\$18,485.9	\$15,788.7	\$15,570.4	\$105,000.0
	1420	100.00%	\$300,000.0	\$250,000.0	\$250,000.0	\$250,000.0	\$200,000.0	\$170,000.0	\$1,420,000.0
									\$1,420,000.0

Deferred Maintenance Task Force

Building Alaska for the 21st Century

FINANCING PLAN INTEGRATION INTO FIVE YEAR BUDGET STRATEGY										
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues										
Unrestricted Revenues	2,057.3	1,968.8	1,898.9	1,950.1	1,971.8	1,978.3				
Adjustments	(58.7)	(56.1)	(63.8)	(63.8)	(60.0)	(60.0)				
AHFC Dividend	70.0	72.1	74.3	76.5	78.8	81.1				
AIDEA Dividend	16.0	15.0	15.0	15.0	15.0	15.0				
General Fund Balance Forward	66.8									
CBRF Appropriated to Gen. Fund	91.5	172.8	230.9	202.5	174.7	165.9				
Remaining New Revenues	40.6	46.0	38.4							
Total Revenues	2,283.5	2,218.6	2,193.7	2,180.3	2,180.3	2,180.3				
Expenditures										
Operating	2,151.5	2,096.5	2,071.6	2,058.2	2,058.2	2,058.2				
Debt Service	<i>Moved to Capital Fund</i>									
Capital	100.0	90.0	90.0	90.0	90.0	90.0				
Special/Transfers/Fund Capitalization	15.5	15.1	15.1	15.1	15.1	15.1				
Supplementals	16.5	17.0	17.0	17.0	17.0	17.0				
Total Expenditures	2,283.5	2,218.6	2,193.7	2,180.3	2,180.3	2,180.3				
Projected Surplus or (Gap)	0.0	0.0	0.0	0.0	0.0	0.0				
CBRF Beginning Balance	3,297.4	3,515.1	3,734.0	3,908.9	3,926.7	3,939.6	3,957.7	3,960.4	3,963.3	3,966.4
Projected Earnings	236.1	251.7	267.4	279.9	281.2	282.1	283.4	283.6	283.8	284.0
Transfers to General Fund	(91.5)	(172.8)	(230.9)	(202.5)	(174.7)	(165.9)	(165.9)	(165.9)	(165.9)	(165.9)
Transfers to Capital Fund	(87.4)	(90.0)	(91.5)	(84.6)	(118.6)	(123.0)	(139.8)	(139.8)	(139.8)	(139.8)
Additional Settlement Deposits	160.5	230.0	230.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
CBRF Fund Ending Balance	3,515.1	3,734.0	3,908.9	3,926.7	3,939.6	3,957.7	3,960.4	3,963.3	3,966.4	3,969.6
Capital Fund Beginning Balance		21.3	27.8	28.0	12.9	18.9	12.5	9.0	6.5	6.9
Revenue from Tobacco Tax	21.3	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from CBRF	87.4	90.0	91.5	84.6	118.6	123.0	139.8	139.8	139.8	139.8
Capital Fund Debt Service		(30.0)	(55.0)	(80.0)	(105.0)	(125.0)	(142.0)	(142.0)	(142.0)	(142.0)
Current Debt Service	(87.4)	(85.5)	(68.3)	(51.7)	(39.6)	(36.4)	(33.3)	(32.3)	(29.4)	(21.9)
Capital Fund Ending Balance	21.3	27.8	28.0	12.9	18.9	12.5	9.0	6.5	6.9	14.8

→ Arbitrage File

This is a trend, I believe, and is significant for the "Deferred Maintenance Revenue Bond" scheme.

Forest Brown
11-26-97

CC: Annalee Mc C

Wilson C

Ron K

Dennis De V ✓

THE BOND BUYER®

THE DAILY NEWSPAPER OF MUNICIPAL FINANCE

Wednesday, November 19, 1997

New York, N.Y.

IRS Bond Audit Ruling Indicates That Innovation Can No Longer Shield Deals

By Michael Stanton

WASHINGTON — Being the first to bring an innovative transaction to market may no longer be enough for issuers to avoid an Internal Revenue Service crackdown, bond lawyers are saying in response to an IRS audit ruling released Monday.

"The way things seem to have gone in this business is that, until it's specifically addressed by regulations, whoever gets a deal to market is okay," said David Walton, a partner with Jones Hall in San Francisco.

"I think this ruling says those days are over," Walton said.

In the ruling, known as a technical advice memorandum, the IRS concluded that a "window refunding" bond issue sold by a city and backed by revenues from its sewer system took advantage of an "artifice or device" to obtain an arbitrage profit in violation of the tax code's limits on such income.

Under the IRS' bond audit guidelines, the ruling represents a formal declaration from the agency that the bonds are tax

Please turn to IRS page 4

WASHINGTON

IRS Issues Ruling: City's Window Refunding Is Taxable

Continued from front page

able, and is the last formal step in the audit process before the IRS moves to tax bondholders. However, issuers are still able to settle the charges through a closing agreement.

The IRS, citing taxpayer secrecy laws, did not identify the issuer involved in the ruling. However, some bond counsel, noting that more than six months have passed since the ruling was written, said they believe the issuer has likely already settled the charges.

The transaction being audited apparently closed sometime between the passage of the Tax Reform Act of 1986 and the publication of new IRS arbitrage regulations in 1993.

In the case the IRS was auditing, the issuer sold zero-coupon bonds with no principal or interest payments due for eight years.

The IRS contends that the issuers then, on the same day, "entered into an agreement to use sewer revenues that would otherwise have been used to pay debt service on the

bonds ... to invest in a forward contract at a yield ... which is materially higher than the yield on the bonds" — the basic definition of an arbitrage profit.

Despite the city's contention that the transaction was conducted for other purposes, the IRS, using its broad powers to stop "abusive" transactions, concluded that the substance of the deal was to obtain the arbitrage profit.

"This reflects an aggressiveness in the IRS audit program" said **David Miller**, a partner with **Arter & Hadden** here. "This shows that, as they develop new concepts, they are willing to apply them retroactively."

Richard Chirls, a partner with **Orrick, Herrington & Sutcliffe** in New York, said the ruling was unlikely to have any immediate practical market impact because issuers stopped executing window refundings after the 1993 regulations took effect.

In addition, several market participants said the ruling is unlikely to unleash a slew of similar enforcement cases because only a handful of similar deals ever closed.

But at least one of those is already under review by the IRS.

Last November, the **Camden County, N.J., Municipal Utilities Authority** acknowledged, as part of the disclosure for a separate bond sale, that it was being audited for a 1990 advance-refunding issue that critics have long contended provided the authority with an arbitrage profit.

That issue drew fire from then-Rep. **Beryl Anthony**, D-Ark., who proposed legislation to stop the practice. Although Anthony's proposal never became law, the MUA deal was widely credited by market participants for inspiring the 1993 IRS regulations.

Previously it seemed that "until it's specifically addressed by regulations, whoever gets a deal to market is okay," says Jones Hall's David Walton.

Representatives of the agency and its bond counsel on the 1990 deal, **Chapman & Cutler**, could not be reached for comment yesterday on the status of that audit.

While the ruling's conclusions were generally accepted by bond lawyers, several attorneys did raise questions about the IRS' analysis of the legal questions underlying the decision — especially its decision to cite a pre-1986 regulation in support of its findings.

"They said there were four reasons for declaring the bonds taxable and, in some way, that dilutes their arguments by indicating that they weren't completely certain about their arguments on any one of those issues," said **David Caprera**, a partner with **Kutak Rock** in Denver.

An IRS spokeswoman stressed yesterday, however, that technical advice memoranda, by definition, apply only to the cases they are issued about, and declined to comment on whether the ruling marks any new focus by the enforcement program. □

REPORT

ALASKA STATE LEGISLATURE

Rep. Eldon Mulder, Co-Chair
Rep. Kim Elton
Rep. Richard Foster
Rep. Jeannette James
Rep. Beverly Masek
Rep. Gail Phillips



Sen. Tim Kelly, Co-Chair
Sen. Loren Leman
Sen. Georgianna Lincoln
Sen. Robin Taylor
Sen. Gary Wilken
Sen. Mike Miller

DEFERRED MAINTENANCE TASK FORCE

Capitol Building, Room 501 • Juneau, Alaska 99801 • Phone (907) 465-2647 • FAX (907) 465-3518

Building an Alaska for the 21st Century **Task Force Unveils Deferred Maintenance Recommendations**

Anchorage -- Members of the Legislative Deferred Maintenance Task Force Friday unveiled several recommendations to address Alaska's ongoing maintenance needs.

The Deferred Maintenance Task Force visited 16 communities, 16 schools, 3 University campuses, 3 prisons, 3 harbors, 8 airports, 13 other public buildings and hundreds of miles of state highways. The Task force held over 60 hours of public hearings. In addition, the Task Force members visited with hundreds of Alaskans during various site visits.

The Deferred Maintenance Task Force Thursday concluded a heavy schedule of public hearings, public testimony, and site visits throughout the state. The Task Force tentatively adopted several recommendations along with a six-year a plan to finance the needs to repair Alaska's infrastructure for the 21st Century.

"This has been the most active interim task force I've ever served on," Representative Eldon Mulder, Co-Chair of the Task Force said. "We have been able to see much of what needs repair and heard reasons why our facilities have gotten into such bad repair. Finger pointing won't solve this problem. We have a solid financing plan for legislative consideration along with recommendations to prevent the problem happening again."

The Deferred Maintenance Task Force developed criteria for prioritizing almost \$1.5 billion of projects over a six-year period. The criteria includes health and safety concerns, preservation of educational programs, economic development, history of maintenance and other criteria. The criteria will be used to create a list of projects to be funded by the "Build Alaska - Public Facilities Construction Fund".

"I am encouraged by the bipartisan cooperation shown to address this major problem," said Senator Tim Kelly, Task Force Co-Chair. "We have identified over \$1 billion of needs for repair of our schools, highways, airports, buildings and the University of Alaska. Our financing proposal - "Build Alaska" - addresses these critical needs over a six year period. The plan protects the Permanent Fund and doesn't require any new state taxes. We can use the investment opportunities of the Constitutional Budget Reserve without reducing the principal in the fund."

-more-

The Task Force tentatively adopted a list of recommendations including a \$1.42 billion Build Alaska - Public Facilities Financing Plan, draft legislation to require maintenance programs for public facilities, separate budget appropriations for maintenance, and the use of prototypical schools. The task force will ask several standing committees to review issues such as lighter weight studs in tires and their impact on maintenance of our roads, and regulatory standards that unnecessarily increase the cost of construction.

"As sponsor of the Resolution that created the Task Force and as a member, I can tell you that it has responded to its charter. We have developed a list of what needs repair, recommendations to keep from falling back into the same quagmire of not maintaining our facilities, and recommendations for financing repairing our public assets," House Speaker Gail Phillips said.

The Task Force will recommend the administration continue moving toward establishing a rental concept for agencies using state buildings. The concept has been under consideration since the Hickel Administration and is almost ready for a pilot program. The concept will help deal with maintenance responsibility and force a more serious consideration of space needs and use.

"We have identified the problem, we have reviewed the needs, and we have proposed a workable solution," said Representative Mulder. "It is a large problem and includes some of the less popular needs like prisons and state buildings along with schools, the University, and roads. This Task Force addressed a large range of problems, not just the "Photo Opportunity" projects and is recommending a plan to address the full scope."

"I am proud to be the Co-Chair of this Task Force," said Senator Kelly. "This Task Force has been willing to tackle the whole problem and do the "heavy lifting" that actually gets improvements off the planning boards and onto the ground." The work of the Deferred Maintenance Task Force will serve to make Alaska in the 21st century a safer and better place to live."

Legislative leaders have said that consideration of the Deferred Maintenance Task Force's proposal will be one of the top priorities for the next legislative session.

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DEFERRED MAINTENANCE TASK FORCE

Capitol Building, Room 501 • Juneau, Alaska 99801 • Phone (907) 465-2647 • FAX (907) 465-3518

Report

1. Introduction - *GOALS*
2. Summary of Recommendations
3. Travel of Task Force
4. Inventory of needs
5. Financing recommendations
6. Recommendations for Legislation
7. Appendix
 - a) Summary of Hearings
 - b) Summary of Site Visits Including Photographs
 - c) Written Testimony
 - d) Activities in Other States

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ISSUES TO RESOLVE

1. Financing Plan
2. Level of Local Financial Responsibility
3. Legislation
 - a) Corporation Concept
 - b) Required Maintenance Program
 - c) Separate Appropriation for Maintenance
 - d) Ballot Measure - Advisory Vote
 - e) Dedicated Funds
 - f) Use of Prototypical Models for Schools
 - g) Expand DOE Ability to Review and Alter Proposed School Siting and Design
 - h) Eliminate hard metal studs in tires
4. Transferring State Ownership of Harbors
5. Transferring Highway Ownership
6. Rent Concept
7. Reduce Unnecessary Regulatory Requirements on State Construction
8. Prioritization
 - a) Components of each year's funding
 - b) Within each category
 - i) Water & Sewer
 - ii) Harbors
 - iii) University
 - iv) Public Facilities
 - v) Roads & Airports
 - vi) Schools
 - vii) New Construction

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DEFERRED MAINTENANCE TASK FORCE

Criteria For Consideration And Prioritization

1. Fiscal impacts on costs and revenues
2. Health and safety effects
3. Distributional effects
4. Historical maintenance of facility
5. Use of available prototypical facilities
6. Feasibility, including public support and project readiness
7. Impact on program operation
8. Ability to transfer ownership
9. Advantages accruing from relationships to other project proposals

DRAFT

MEMORANDUM**State of Alaska**

**Office of the Governor
Office of Management and Budget
Telephone: 465-4660**

October 9, 1997

TO: Administrative Service Directors
Facility Advisory Council Members
DOT/PF Facility Maintenance Employees

FROM: Annalee McConiell, Director, Office of Management and Budget
Mark Boyer, Commissioner, Department of Administration
Joe Perkins, Commissioner, Department of Transportation
and Public Facilities

RE: Facility Update

To some this is an update, while to others this memorandum outlines the Knowles administration's long and short-term goals to effectively manage the state's major fixed assets — facilities. First, we would like to thank everyone who has assisted us throughout this project. We are well aware that without each agency's support, we could not have recognized progress toward these goals.

Long-term Goals

- **Rental Rate Methodology** — A rent structure for facilities would enable the state to receive reimbursement for facilities costs from the federal government and other fund sources, and would provide an incentive for more efficient utilization of facilities. The rate would recover the full costs of operating and maintaining state facilities in accordance with applicable Generally Accepted Accounting Principles, federal guidelines and state policies. We hired an independent consultant who helped us identify the elements needed to develop a facilities chargeback methodology.

We hope to work with the legislature during the 1998 session to establish a Facilities Internal Service Fund (ISF) to implement this rental concept. A facilities fund would isolate facilities financial activity, allow fund balances to carryforward into the next fiscal year and recover sufficient funds to maintain the facilities. The rate would be based on prior year costs plus anticipated repairs divided by square footage. Thus the critical need to capture accurate cost data now.

- **Deferred Maintenance Backlog** — Another advantage of an ISF is to build funds so we can prevent future accumulation of deferred maintenance projects.
- **Consolidate Facility Functions** — Ultimately we think it will be advantageous to merge the facilities functions of the Department of Transportation and Public Facilities (DOT/PF) with

Facility Update
October 9, 1997
Page 2

the leasing and space planning functions of the Department of Administration (DOA). At one point we considered consolidating these functions in the Department of Administration this year. However, given the major initiatives currently underway in both DOA and DOT/PF, we now believe that it is not advisable to proceed with a transfer of facilities responsibilities from DOT/PF to DOA at this time. DOT/PF will continue its current facilities functions for at least the next twelve months. During this time we intend to move forward with the following initiatives to improve facilities operations and maintenance.

Short-term Goals

- **Nome Pilot Project** — This pilot is testing the use of a coordinated maintenance team, the effects of performing scheduled preventative maintenance, and application of an automated maintenance management system to improve the efficiency and effectiveness of facility maintenance. It began July 1 with three participating departments: DOT/PF, Military and Veterans' Affairs, and Corrections.
- **AKSAS Account Structure** — Departments were to begin tracking facility costs in the five work categories identified by the Facility Council no later than August 1, 1997. These categories are Operations, Leasing, Routine Maintenance and Repair, Renewal and Replacement, and Renovation and Remodeling. Accurately tracking costs in these categories by building or other Facility Council approved method is vital to the rate development process.
- **Facilities Rent Structure Pilot** — As the first phase of establishing a rent structure for state facilities, we are developing a simulated rate on one facility using the rate methodology established by the independent consultant. Our objective is to establish a rent structure that can be evaluated for possible incorporation in the FY 2000 budget cycle.

We hope this facility update clarifies our goals and objectives for improving the maintenance of our state facilities. If you have any questions or comments, contact Keith Gerken (DOA) at 465-5683, Rod Wilson (DOT/PF) at 465-6962 or Kym Gertner (OMB) at 465-4666.

CRITERIA

Criteria For Consideration And Prioritization

The Deferred Maintenance will use the following criteria for prioritizing the almost \$ 1.5 billion of deferred maintenance and replacement needs over a six year period. The Task Force will use these criteria and work with the administration to create a list of projects to be funded by the Build Alaska - Public Facilities Construction Fund

1. Health and safety effects
2. Preservation of educational programs
3. Impact on program operation
4. Economic development
5. Feasibility, including public support and project readiness
6. Existence and implementation of a maintenance program
7. Historical maintenance of facility
8. Use of available prototypical facilities
9. Fiscal impacts on costs and revenues
10. Distributional effects
11. Ability to transfer ownership
12. Advantages accruing from relationships to other project proposals

Working Definition of Deferred Maintenance

The Task Force uses the following definition in collecting its data and considering projects for funding as deferred maintenance needs.

"The aggregation of unfunded routine maintenance and repair and replacement which was not performed in a timely manner due to lack of available funding, lower priority, management decisions to use maintenance funds for other purposes or other recognized delaying factors. "

SPREAD SHEETS

Deferred Maintenance Task Force
BUILDING ALASKA FOR THE 21ST CENTURY

Expenditures for Public Facility Repair and New Construction

Basic SIX-YEAR financing plan will support:

Repair

Schools	\$296,000,000
University	\$188,000,000
Highways, Marine	
Highway, Airports	\$299,000,000
Harbors	\$55,000,000
Public Facilities	\$173,000,000
Water & Sewers	\$105,000,000
Subtotal	<u>\$1,116,000,000</u>

New

New Schools and University Buildings	\$304,000,000
Subtotal	<u>\$1,420,000,000</u>

Total available in financing plan

New Schools, University Buildings, and Other New Construction	\$80,000,000
Total	<u>\$1,500,000,000</u>

NOTE: Sale of the Four Dam Pool and a blend of 15 and 20 year bonds could easily net an extra \$200 million from the proposed funding plan.

Deferred Maintenance Task Force
Building Alaska for the 21st Century

New Capital Spending and Debt Service										
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	TOTAL
New Debt Service	30,000.0	25,000.0	25,000.0	25,000.0	20,000.0	17,000.0				142,000.0
Cumulative Annual Debt Service	30,000.0	55,000.0	80,000.0	105,000.0	125,000.0	142,000.0	142,000.0	142,000.0	142,000.0	963,000.0
Capital Funds Available from Debt	300,000.0	250,000.0	250,000.0	250,000.0	200,000.0	170,000.0				1,420,000.0
Capital Funds Available from General Fund Cash	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	810,000.0
Totals	390,000.0	340,000.0	340,000.0	340,000.0	290,000.0	260,000.0				2,230,000.0
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
New Debt Service										0.0
Cumulative Annual Debt Service	142,000.0	142,000.0	142,000.0	142,000.0	142,000.0	142,000.0	112,000.0	87,000.0	62,000.0	1,113,000.0
Capital Funds Available from Debt										0.0
Capital Funds Available from General Fund Cash	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	810,000.0
Totals	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	810,000.0
	FY 2017	FY 2018	FY 2019							
New Debt Service										0.0
Cumulative Annual Debt Service	37,000.0	17,000.0	0.0							54,000.0
Capital Funds Available from Debt										0.0
Capital Funds Available from General Fund Cash	90,000.0	90,000.0	90,000.0							270,000.0
Total	90,000.0	90,000.0	90,000.0							270,000.0

Deferred Maintenance Task Force

Building Alaska for the 21st Century

CAPITAL FINANCING PLAN INTEGRATION INTO FIVE YEAR BUDGET STRATEGY

	FY 1998	FY 1999	FY 2000	FY2001	FY 2002	FY 2003				
Revenues	2070.9	2000.4	1976.1	1979.0	1959.7	1919.8				
Unrestricted Revenues	2,057.3	1,968.8	1,898.9	1,950.1	1,971.8	1,978.3				
Adjustments	(58.7)	(56.1)	(63.8)	(63.8)	(60.0)	(60.0)				
AHFC Dividend	70.0	72.1	74.3	76.5	78.8	81.1				
AIDEA Dividend	16.0	15.0	15.0	15.0	15.0	15.0				
General Fund Balance Forward	66.8									
CBRF Appropriated to Gen. Fund	161.1	236.3	277.2	232.2	192.3	180.3				
Revenue from Tobacco Tax	17.8	32.0	32.0	32.0	32.0	32.0				
Remaining New Revenues	40.6	46.0	38.4							
Total Revenues	2,370.9	2,314.1	2,272.0	2,242.0	2,229.9	2,226.7				
Expenditures										
Operating	2,151.5	2,096.5	2,071.6	2,058.2	2,058.2	2,058.2				
Debt Service	87.4	85.5	68.3	51.7	39.6	36.4				
Capital - Cash	100.0	90.0	90.0	90.0	90.0	90.0				
Capitol to Bond Debt Service		10.0	10.0	10.0	10.0	10.0				
Special/Transfers/Fund Capitalization	15.5	15.1	15.1	15.1	15.1	15.1				
Supplementals	16.5	17.0	17.0	17.0	17.0	17.0				
Total Expenditures	2,370.9	2,314.1	2,272.0	2,242.0	2,229.9	2,226.7				
Expenditure Reduction		56.8	42.1	30.0	12.1	3.2				
							FY 2004	FY 2005	FY 2006	FY 2007
CBRF Beginning Balance	3,297.4	3,515.1	3,734.0	3,908.9	3,926.5	3,939.6	3,957.7	3,960.4	3,963.3	3,966.3
Projected Earnings	236.1	251.7	267.4	279.9	281.1	282.1	283.4	283.6	283.8	284.0
Transfers to General Fund	(161.1)	(236.3)	(277.2)	(232.2)	(192.3)	(180.3)	(165.9)	(165.9)	(165.9)	(165.9)
Transfers to Capital Fund	(17.8)	(26.5)	(45.2)	(55.1)	(100.8)	(108.6)	(139.8)	(139.8)	(139.8)	(139.8)
Additional Settlement Deposits	160.5	230.0	230.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
CBRF Fund Ending Balance	3,515.1	3,734.0	3,908.9	3,926.5	3,939.6	3,957.7	3,960.4	3,963.3	3,966.3	3,969.6
Capital Fund Beginning Balance	0.0	17.8	24.3	24.5	9.4	15.4	9.0	5.5	3.0	3.4
Revenue from Tobacco Tax	17.8	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from CBRF and operations	87.4	90.0	91.5	84.6	118.6	123.0	139.8	139.8	139.8	139.8
Capital Fund Debt Service		(30.0)	(55.0)	(80.0)	(105.0)	(125.0)	(142.0)	(142.0)	(142.0)	(142.0)
Current Debt Service	(87.4)	(85.5)	(68.3)	(51.7)	(39.6)	(36.4)	(33.3)	(32.3)	(29.4)	(21.9)
Capital Fund Ending Balance	17.8	24.3	24.5	9.4	15.4	9.0	5.5	3.0	3.4	11.3

Majority Five Year Plan

Capital Six Year Plan

Deferred Maintenance Task Force

Building Alaska for the 12st Century

Notes and Assumptions

- 1 Debt service was adjusted to reflect the latest Alaskan Public Debt Report information less Bank of America income offset
- 2 Debt Service has been moved from the Expenditures component to the Capital Fund. The CBRF appropriation supporting the current debt has also been moved to Capital Fund.
- 3 Capital (cash) was reduced from operating expenditure budget by \$10 million annually. Beginning in FY 1999 that will be used for debt service. (Possible from savings on cash appropriations to Water & Sewer and schools and funded in new bonding proposal.)
- 4 The CBRF rate of return was calculated at 7.16% beginning in FY 1998, reflecting Dept. of Revenue's latest projections.
- 5 Tobacco tax revenue is deposited directly into the Capital Fund to support school bonds
- 6 Tobacco tax revenues utilize Department of Revenue's latest projections
- 7 No interest earnings were calculated on the Capital Fund balance.
- 8 The CBRF principal is not reduced by the capital program in this scenario
- 9 A blend of 15 and 20 year bonds and/or more favorable rates could net nearly \$1.5 billion from \$125 million in debt service
- 10 Sale of the Four Dam Pool at \$100 million, deposited in the CBRF, could generate an additional \$7 million in earnings to service \$70 million in debt in the Capital Fund.

Deferred Maintenance Task Force
Building Alaska for the 21st Century

New Capital Spending and Debt Service										
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY2007	TOTAL
New Debt Service	30,000.0	25,000.0	25,000.0	25,000.0	20,000.0	17,000.0	1,000.0	3,000.0	7,000.0	142,000.0
Cumulative Annual Debt Service	30,000.0	55,000.0	80,000.0	105,000.0	125,000.0	142,000.0	142,000.0	142,000.0	142,000.0	963,000.0
Capital Funds Available from Debt	300,000.0	250,000.0	250,000.0	250,000.0	200,000.0	170,000.0				1,420,000.0
Capital Funds Available from General Fund Cash	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	810,000.0
Totals	390,000.0	340,000.0	340,000.0	340,000.0	290,000.0	260,000.0				2,230,000.0
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	
New Debt Service	2,000.0	6,000.0	100.0	100.0	800.0	500.0	4,500.0	2,800.0	2,800.0	
Cumulative Annual Debt Service	142,000.0	142,000.0	142,000.0	142,000.0	142,000.0	142,000.0	112,000.0	87,000.0	62,000.0	1,113,000.0
Capital Funds Available from Debt										0.0
Capital Funds Available from General Fund Cash	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	810,000.0
Totals	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	90,000.0	810,000.0
	FY 2017	FY 2018	FY2019							
New Debt Service	2,400.0									2,400.0
Cumulative Annual Debt Service	37,000.0	17,000.0	0.0							54,000.0
Capital Funds Available from Debt										0.0
Capital Funds Available from General Fund Cash	90,000.0	90,000.0	90,000.0							270,000.0
Total	90,000.0	90,000.0	90,000.0							270,000.0
<i>New Debt service in italics is potential new debt from reduction in current state debt service in that year</i>										
<i>It is not included in any totals.</i>										

Deferred Maintenance Task Force

Building Alaska for the 21st Century

CAPITAL FINANCING PLAN INTEGRATION INTO FIVE YEAR BUDGET STRATEGY

	FY 1998	FY 1999	FY 2000	FY2001	FY 2002	FY 2003				
Revenues										
Unrestricted Revenues	2,057.3	1,968.8	1,898.9	1,950.1	1,971.8	1,978.3				
Adjustments	(58.7)	(56.1)	(63.8)	(63.8)	(60.0)	(60.0)				
AHFC Dividend	70.0	72.1	74.3	76.5	78.8	81.1				
AIDEA Dividend	16.0	15.0	15.0	15.0	15.0	15.0				
General Fund Balance Forward	66.8									
CBRF Appropriated to Gen. Fund	161.1	256.3	322.2	302.2	287.3	295.3				
Revenue from Tobacco Tax	17.8	32.0	32.0	32.0	32.0	32.0				
Remaining New Revenues	40.6	46.0	38.4							
Total Revenues	2,370.9	2,334.1	2,317.0	2,312.0	2,324.9	2,341.7				
Expenditures										
Operating	2,151.5	2,096.5	2,071.6	2,058.2	2,058.2	2,058.2				
Debt Service	87.4	85.5	68.3	51.7	39.6	36.4				
Capital - Cash	100.0	90.0	90.0	90.0	90.0	90.0				
Capitol to Bond Debt Service		10.0	10.0	10.0	10.0	10.0				
Special/Transfers/Fund Capitalization	15.5	15.1	15.1	15.1	15.1	15.1				
Supplementals	16.5	17.0	17.0	17.0	17.0	17.0				
Total Expenditures	2,370.9	2,314.1	2,272.0	2,242.0	2,229.9	2,226.7				
Expenditure Reductions		(56.8)	(42.1)	(30.0)	(12.1)	(3.2)				
							FY 2004	FY 2005	FY 2006	FY 2007
CBRF Beginning Balance	3,297.4	3,515.1	3,734.0	3,908.9	3,926.5	3,939.6	3,957.7	3,960.4	3,963.3	3,966.3
Projected Earnings	236.1	251.7	267.4	279.9	281.1	282.1	283.4	283.6	283.8	284.0
Transfers to General Fund	(161.1)	(256.3)	(322.2)	(302.2)	(287.3)	(295.3)	(165.9)	(165.9)	(165.9)	(165.9)
Transfers to Capital Fund	(17.8)	(6.5)	(0.2)	14.9	(5.8)	6.4	(139.8)	(139.8)	(139.8)	(139.8)
Additional Settlement Deposits	160.5	230.0	230.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
CBRF Fund Ending Balance	3,515.1	3,734.0	3,908.9	3,926.5	3,939.6	3,957.7	3,960.4	3,963.3	3,966.3	3,969.6
Capital Fund Beginning Balance	0.0	17.8	24.3	24.5	9.4	15.4	9.0	5.5	3.0	3.4
Revenue from Tobacco Tax	17.8	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from CBRF	87.4	90.0	91.5	84.6	118.6	123.0	139.8	139.8	139.8	139.8
Capital Fund Debt Service		(30.0)	(55.0)	(80.0)	(105.0)	(125.0)	(142.0)	(142.0)	(142.0)	(142.0)
Current Debt Service	(87.4)	(85.5)	(68.3)	(51.7)	(39.6)	(36.4)	(33.3)	(32.3)	(29.4)	(21.9)
Capital Fund Ending Balance	17.8	24.3	24.5	9.4	15.4	9.0	5.5	3.0	3.4	11.3

Majority Five Year Plan

Capital Six Year Plan

98	99	00	01	02
2283.5	2218.6	2193.7	2180.3	
	-64.9	-24.9	-13.4	
BWD ↓ 87.4	+12 85.5	+1 68.3	+10 51.7	
	-1.9	-17.2	-16.6	
	-56.8	32.1	20.0	
need	50	40	30	

Cheryl's Q's

* Commitment to put Doesn't show
move Debt back

* Soft note

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Deferred Maintenance Task Force

Building Alaska for the 21st Century

FINANCING PLAN INTEGRATION INTO FIVE YEAR BUDGET STRATEGY										
	FY 1998	FY 1999	FY 2000	FY2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues										
Unrestricted Revenues	2,057.3	1,968.8	1,898.9	1,950.1	1,971.8	1,978.3				
Adjustments	(58.7)	(56.1)	(63.8)	(63.8)	(60.0)	(60.0)				
AHFC Dividend	70.0	72.1	74.3	76.5	78.8	81.1				
AIDEA Dividend	16.0	15.0	15.0	15.0	15.0	15.0				
General Fund Balance Forward	66.8									
CBRF Appropriated to Gen. Fund	91.5	172.8	230.9	202.5	174.7	165.9				
Remaining New Revenues	40.6	46.0	38.4							
Total Revenues	2,283.5	2,218.6	2,193.7	2,180.3	2,180.3	2,180.3				
Expenditures										
Operating	2,151.5	2,096.5	2,071.6	2,058.2	2,058.2	2,058.2				
Debt Service	<i>Moved to Capital Fund</i>									
Capital	100.0	90.0	90.0	90.0	90.0	90.0				
Special/Transfers/Fund Capitalization	15.5	15.1	15.1	15.1	15.1	15.1				
Supplementals	16.5	17.0	17.0	17.0	17.0	17.0				
Total Expenditures	2,283.5	2,218.6	2,193.7	2,180.3	2,180.3	2,180.3				
Projected Surplus or (Gap)	0.0	0.0	0.0	0.0	0.0	0.0				
CBRF Beginning Balance	3,297.4	3,515.1	3,734.0	3,908.9	3,926.7	3,939.6	3,957.7	3,960.4	3,963.3	3,966.4
Projected Earnings	236.1	251.7	267.4	279.9	281.2	282.1	283.4	283.6	283.8	284.0
Transfers to General Fund	(91.5)	(172.8)	(230.9)	(202.5)	(174.7)	(165.9)	(165.9)	(165.9)	(165.9)	(165.9)
Transfers to Capital Fund	(87.4)	(90.0)	(91.5)	(84.6)	(118.6)	(123.0)	(139.8)	(139.8)	(139.8)	(139.8)
Additional Settlement Deposits	160.5	230.0	230.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
CBRF Fund Ending Balance	3,515.1	3,734.0	3,908.9	3,926.7	3,939.6	3,957.7	3,960.4	3,963.3	3,966.4	3,969.6
Capital Fund Beginning Balance		21.3	27.8	28.0	12.9	18.9	12.5	9.0	6.5	6.9
Revenue from Tobacco Tax	21.3	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from CBRF	87.4	90.0	91.5	84.6	118.6	123.0	139.8	139.8	139.8	139.8
Capital Fund Debt Service		(30.0)	(55.0)	(80.0)	(105.0)	(125.0)	(142.0)	(142.0)	(142.0)	(142.0)
Current Debt Service	(87.4)	(85.5)	(68.3)	(51.7)	(39.6)	(36.4)	(33.3)	(32.3)	(29.4)	(21.9)
Capital Fund Ending Balance	21.3	27.8	28.0	12.9	18.9	12.5	9.0	6.5	6.9	14.8

2/2/97

SPREAD SHEET BACK-UP

To: Dennis DeWitt
Representative Mulder's Office

FACSIMILE

Fax #: (907) 258-5511

Re: Tobacco Tax Revenues

Date: November 4, 1997

Pages: 2, including the cover page.

Comments The only change in revenues from the fiscal note which passed with SB 13 is for FY 98. The estimate of new revenue from the tax increase was decreased by \$3.2 million dollars, to \$17.8 million. The decrease is due entirely to the effect of stockpiling of cigarettes and tobacco products in the months leading up to the tax increase. FY 99 revenue estimates have not changed.

Please call to discuss the attached schedule.

Thanks

From the desk of...

Bob Bartholomew
Deputy Director
Department of Revenue
PO Box 110420
Juneau, AK 99811-0420

(907) 465-4773
Fax: (907) 465-2375

Alaska Department of Revenue
Income and Excise Audit Division
Fund Sources for Draft Projected Revenue From Cigarette Taxes
Reconciliation with CSSB 13 Fiscal Note and Stockpiling Effect

	FY96	FY97
Cigarettes		
School Fund		
School Fund Revenue with change in rate	\$23,948,848	\$34,616,315
Stockpiling Effect	(\$4,001,050)	\$0
Total School Fund Revenue with change in rate and stockpiling	\$19,945,798	\$34,616,315
 School Fund Revenue without change in rate	 (\$2,607,915)	 (\$2,607,915)
Increase to School Fund	\$17,337,883	\$32,008,400
 General Fund		
General Fund Revenue with change in rate	\$11,460,308	\$10,931,468
Stockpiling Effect	\$198,316	\$0
Total General Fund Revenue with change in rate and stockpiling	\$11,658,624	\$10,931,468
 General Fund Revenue without change in rate	 (\$12,517,990)	 (\$12,517,990)
Increase to the General Fund	(\$859,366)	(\$1,586,522)
 Total Increase From Cigarettes	 \$16,478,517	 \$30,421,878
 Tobacco Products		
General Fund		
General Fund Revenue with change in rate	\$3,402,794	\$4,286,154
Stockpiling	(\$389,693)	\$0
	\$3,013,101	\$4,286,154
 General Fund Revenue without change in rate	 (\$1,636,073)	 (\$1,636,073)
Increase to General Fund	\$1,377,028	\$2,650,081
 Total Increase from Tobacco Products	 \$1,377,028	 \$2,650,081
 NET INCREASE CIG. AND TOB. PROD. OVER FY96	 \$17,855,545	 \$33,071,959
 Total General Fund Revenue with change in rates and Stockpiling	 \$14,671,725	 \$15,217,622
Total General Fund Revenue from Spring 97 Rev. Sources Book	\$14,000,000	\$14,000,000
Total General Fund Increase over Spring 97 Rev. Sources Book	\$671,725	\$1,217,622
 Total General Fund Increase over FY96 ACTUAL	 \$517,662	 \$1,063,559

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LEGISLATIVE MAJORITY
TWENTIETH ALASKA LEGISLATURE
FIVE YEAR BUDGET STRATEGY
As of May 11, 1997

*FY 98 oil price
75¢. 18.43*

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Revenues</u> (1)					
Unrestricted Revenues (2)	2,480.5	2,057.3	1,968.8	1,898.9	1,950.1
Adjustments (3)	(60.1)	(58.7)	(58.1)	(63.8)	(63.8)
Trans Alaska Pipeline Liability Fund (4)	0.0	15.6	0.0	0.0	0.0
Trans Alaska Pipeline System Tariff Settlement (5)	0.0	25.0	0.0	0.0	0.0
AHFC Dividend (6)	50.0	70.0	72.1	74.3	76.5
AIDEA Dividend (7)	15.0	16.0	15.0	15.0	15.0
General Fund Balance Forward (8)	0.0	66.8	0.0	0.0	0.0
CBRF Earnings Appropriated to General Fund (9)	0.0	163.8	247.4	262.6	258.0
Remaining New Revenues (10)	0.0	0.0	46.0	38.4	0.0
<u>Total Revenues</u>	<u>2,485.4</u>	<u>2,355.8</u>	<u>2,293.2</u>	<u>2,225.4</u>	<u>2,235.8</u>
<u>Expenditures</u> (1)					
Operating (11)	2,193.1	2,151.5	2,096.5	2,071.6	2,058.2
Debt Service (12)	93.1	72.3	77.2	62.1	45.5
Capital (13)	100.1	100.0	100.0	100.0	100.0
Specials/Transfers/Fund Capitalizations (14)	15.4	15.5	15.1	15.1	15.1
Supplementals (15)	16.9	16.5	17.0	17.0	17.0
<u>Total Expenditures</u> (16)	<u>2,418.6</u>	<u>2,355.8</u>	<u>2,305.8</u>	<u>2,265.8</u>	<u>2,235.8</u>
<u>Expenditure Reduction from Previous FY</u>	<u>(70.3)</u>	<u>(62.8)</u>	<u>(50.0)</u>	<u>(40.0)</u>	<u>(30.0)</u>
As a % of Total Expenditures	-2.8%	-2.6%	-2.1%	-1.7%	-1.3%
<u>Projected Surplus (Fiscal Gap)</u> (17)	<u>66.8</u>	<u>0.0</u>	<u>(12.6)</u>	<u>(40.4)</u>	<u>0.0</u>
<u>CBRF Beginning Balance</u>	<u>2,518.0</u>	<u>3,297.4</u>	<u>3,529.2</u>	<u>3,748.6</u>	<u>3,936.2</u>
Projected Earnings (18)	200.5	235.7	247.4	262.6	275.9
Additional Settlement Deposits (19)	511.5	160.5	230.0	230.0	25.0
General Fund Payback (20)	66.8	0.0	0.0	0.0	0.0
Net of Sweep Provisions (21)	0.6	0.0	0.0	0.0	0.0
Direct Appropriations to Operating (1)	0.0	(0.6)	0.0	0.0	0.0
Earnings Appropriated to General Fund (9)	0.0	(163.8)	(247.4)	(262.6)	(258.0)
Principal To Fill Fiscal Gap	0.0	0.0	(12.6)	(40.4)	0.0
<u>CBRF Ending Balance</u>	<u>3,297.4</u>	<u>3,529.2</u>	<u>3,748.6</u>	<u>3,936.2</u>	<u>3,979.1</u>
<u>Total Required CBRF Appropriations</u> (22)	<u>0.0</u>	<u>164.4</u>	<u>260.0</u>	<u>303.0</u>	<u>258.0</u>
<u>PF Earnings Reserve Beginning Balance</u> (23)	<u>104.0</u>	<u>100.0</u>	<u>139.0</u>	<u>185.0</u>	<u>223.0</u>
Income	1,900.0	1,326.0	1,425.0	1,492.0	1,562.0
To Dividend Fund	(730.0)	(741.0)	(774.0)	(822.0)	(798.0)
To Principal - Inflation Proofing	(485.0)	(535.0)	(593.0)	(620.0)	(648.0)
To Principal - Amerasia Hess	(9.0)	(11.0)	(12.0)	(12.0)	(13.0)
To Principal - Legislative Deposit	(680.0)	0.0	0.0	0.0	0.0
<u>PF Earnings Reserve Ending Balance</u>	<u>100.0</u>	<u>139.0</u>	<u>185.0</u>	<u>223.0</u>	<u>326.0</u>
<u>Change to PF Reserves from Previous FY</u>	<u>(4.0)</u>	<u>39.0</u>	<u>46.0</u>	<u>38.0</u>	<u>103.0</u>

LEGISLATIVE MAJORITY
TWENTIETH ALASKA LEGISLATURE
NOTES TO FIVE YEAR BUDGET STRATEGY
As of May 11, 1997

- (1) All values are reflected in millions of dollars. Revenues reflect General Fund (GF) unrestricted plus other transfers to the GF. With the exception of FY 98, when the Legislature made direct appropriations from the CBRF to the Department of Revenue, all expenditures are GF.
- (2) FY 97-99 GF Unrestricted Revenue forecast per the Spring 1997 Revenue Sources Book prepared by the Alaska Department of Revenue, as updated by information provided by the Department of Revenue as of May 1, 1997. FY 00-01 GF Unrestricted Revenue forecast per the Fall 1996 Revenue Sources Book as supplemented by information provided January 16, 1997 by the Department following the Department's Revenue Overview presentation to the Senate Finance Committee.

FY 97-01 GF Unrestricted revenues have also been adjusted to reflect the reclassifications that will occur with the anticipated enactment of SB 55, related to designated program receipts. The portion of the additional revenues that will be deposited to the GF with anticipated enactment of SB 13, related to tobacco taxes, have also been included. The GF portion of the revenue increases is \$1.8 million for FY 98 and \$2.6 million for each of FY 99-01.

- (3) As reflected in the Fall 1996 Revenue Sources Book, the GF Unrestricted Revenue forecast includes GF program receipts. Accordingly, no adjustment is required to add these receipts to the unrestricted revenues in computing available revenues as was necessary prior to the Fall 1996 forecast.

FY 97-99 Adjustments have been taken from Table 3 on page 12 of the Spring 1997 Revenue Sources Book. The Department of Revenue's adjustments include receipts from the Trans-Alaska Pipeline Liability Fund, one-time AHFC Mortgage Insurance Fund receipts and AHFC and AIDEA dividends to the GF. The Majority's strategy separately identifies the amounts to be transferred from AHFC and AIDEA. Accordingly, these one time payments as well as the Corporation dividends have been eliminated from the Adjustments line, and are reflected as separate lines at the levels proposed by the Legislative Majority. See Notes (4), (6) and (7).

On February 28, 1997 the Governor announced that instead of depositing the AIDEA dividend into the GF he proposed to directly spend the FY 98-01 AIDEA dividends on capital projects, the Spring 1997 Revenue Sources Book reports them as other restricted receipts.

Per the Division of Legislative Finance's January 16, 1997 summary of the Governor's budget plan issuer, the Department of Revenue unnecessarily deducted Salmon & Seafood Marketing receipts in Table 4 on page 12 of the Fall 1996 Revenue Sources Book. Accordingly, \$3.6 million is added back into the FY 99-01 Adjustment amounts.

- (4) The GF portion of up to \$20.0 million in additional receipts from the Trans Alaska Pipeline Liability Fund as described by the Division of Legislative Finance on page 4 of their January 15, 1997 analysis of the Department of Revenue's January 1997 Revenue update.
- (5) Settlement announced May 2, 1997 by the Attorney General.
- (6) Per Ch 103 SLA 1995, page 35, estimated available amounts are \$103.0 million from FY 97 through FY 00. Assumes a 3% annual increase in contributions to the GF starting in FY 99. The Governor's plan assumes only a \$50.0 million AHFC dividend to the GF in each of FY 98-01.
- (7) Per OMB, AIDEA announced a \$16.0 million FY 98 dividend. OMB projects a \$15.0 million dividend in each of FY 99-01 based on the provisions of AS 44.88.088 enacted by Ch 111 SLA 1996 (HB 526).
- (8) Projected FY 97 GF balance available in FY 98 with the passage of the CBRF sweep reversal.
- (9) Use of CBRF Earnings as a revenue source currently requires a three-quarter vote of the Legislature under the provisions of Article IX, Section 17(c) of the Alaska State Constitution.

LEGISLATIVE MAJORITY
TWENTIETH ALASKA LEGISLATURE
NOTES TO FIVE YEAR BUDGET STRATEGY
As of May 11, 1997

- (10) Remaining New Revenues are those projected in the Nineteenth Alaska Legislature Legislative Majority's February 12, 1996 Five Year Budget Strategy, reduced for increased revenue projections resulting from the acceleration of field development (Northstar and West Sak) and the development of new fields (Alpine, and Satellites) not previously included. The Department of Revenue has already included in their Spring 1996 Revenue Source Book the following projected new revenues for Northstar and the other fields (West Sak, Alpine, and satellite fields).

	<u>Northstar</u>	<u>Other Fields</u>
FY 98		\$16.5 million
FY 99		\$19.4 million
FY 00	\$13.4 million	\$15.6 million
FY 01	\$41.7 million	\$37.3 million

Since these new revenues are now included in the Department's Revenue forecast, remaining new revenues are less than those proposed February 12, 1996 by the above amounts. In the case of FY 98 and FY 01, new revenues already included in the Unrestricted Revenue line exceed the New Revenue projections included February 12, 1996. Consequently, no remaining new revenues are reflected for either fiscal year.

- (11) Includes fiscal notes for all new legislation, but does not include shared taxes or fisheries enhancement taxes statutory pass-throughs.
- (12) FY 98 reflects the Governor's request. FY 99-01 are from the Department of Revenue's January 1997 Alaska Public Debt, page 62, with a \$8.7 million reduction to FY 98 identified by OMB. Values are exclusive of University of Alaska debt of \$.2 million in each of those years.
- (13) The FY 98 capital budget includes additional capitalization of the Alaska Clean Water Fund at \$1.1 million and \$5.4 capitalization of the Alaska drinking Water Fund.
- (14) Includes
- a) GF transfers to the Oil & Hazardous Substance Release Prevention and Response Fund;
 - b) transfers from the Prevention and Response Mitigation Accounts;
 - c) transfer of Storage Tank Registration Fees to the Storage Tank Assistance Fund; and
 - d) capitalization of the Alaska Clean Water Fund at \$1.5 million for each of FY 97-01.
- (15) Excludes FY 97 GF Revised Programs of \$3.9 million, actual GF RPL's approved through the January 13, 1997 Legislative Budget & Audit Committee meeting. FY 98-01 GF Revised Programs, projected to be \$3.0 million each year, are also excluded.
- (16) Total FY 97 expenditures is the amount authorized, including operating authorizations carried forward from previous fiscal years, per the Division of Legislative Finance's January 15, 1997 All Funds Fiscal Summary.
- (17) This update reflects the projected fiscal gap as a negative number instead of a positive number, as did the February 12, 1996 Five Year Budget Strategy.
- (18) FY 97-98 projections are from Table 5 on page 14 of the Spring 1997 Revenue Sources Book. FY 99-01 earnings are computed using the CBRF beginning balance multiplied by an annualized rate of return. As reflected in his January 16, 1997 testimony to the Senate Finance Committee, Robert D. Storer of the Department of Revenue, Treasury Division current projects a 7.01 % average annual rate of return for FY 99-01.
- (19) FY 97-98 projections are from Table 5 on page 14 of the Spring 1997 Revenue Sources Book. Billings subject to deposit in the CBRF as of September 30, 1996 totaled \$1,465.7 million, excluding the \$350.0 million settlement amount received in December 1996 from BP.

LEGISLATIVE MAJORITY
TWENTIETH ALASKA LEGISLATURE
NOTES TO FIVE YEAR BUDGET STRATEGY
As of May 11, 1997

- (20) Article IX, Section 17(d) of the Alaska State Constitution requires the annual "sweep" of GF account balances at the end of each fiscal year to repay previous amounts appropriated from the CBRF if GF revenues exceed expenditures in any fiscal year. The amount included as a repayment is exclusive of the sweep reversal transaction described in Note (21) below.
- (21) Represents the net of:
- a) prior year sweep amounts for certain operational accounts repaid to the GF (prior fiscal year sweep reversal) at the beginning of the fiscal year; and
 - b) GF sweep amounts for those same accounts deposited into the CBRF at the end of the fiscal year.
- (22) Represents the total draw from the CBRF, exclusive of the netting of the sweep provisions described in Note (21) above.
- (23) FY 97-98 projections are from Table 5 on page 14 of the Spring 1997 Revenue Sources Book. FY 99-01 projections are from the Permanent Fund Corporation's December 31, 1996 Financial Projections.

Deferred Maintenance Task Force

Financing Proposal

Expenditures for Public Facility Repair and New Construction

Basic financing package will support:

Repair

Public Facilities	\$190,000,000
Highways, Marine	
Highway, Airports	\$300,000,000
University	\$170,000,000
Schools	\$296,000,000
Harbors	\$55,000,000
Water & Sewers	\$105,000,000
Subtotal	\$1,116,000,000

New

New Schools, University	
Buildings, and Other	
New Construction	\$184,000,000

New Schools, University	
Buildings, and Other	
New Construction	\$200,000,000
Total	\$1,500,000,000

NOTE: Sale of the Four Dam Pool and a blend of 15 and 20 year bonds could easily net an extra \$200 million from the proposed debt service.

Deferred Maintenance Task Force

Financing Proposal

<u>Capital Spending and Debt Service</u>						
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>TOTAL</u>
New Debt Service	20,000.0	20,000.0	20,000.0	40,000.0	30,000.0	
Cumulative Annual Debt Service	20,000.0	40,000.0	60,000.0	100,000.0	130,000.0	
Capital Funds Available from Debt	200,000.0	200,000.0	200,000.0	400,000.0	300,000.0	1,300,000.0
Capital Funds Available from General Fund Cash	93,000.0	93,000.0	93,000.0	93,000.0	93,000.0	465,000.0
Totals	293,000.0	293,000.0	293,000.0	493,000.0	393,000.0	1,765,000.0

Deferred Maintenance Task Force

Financing Proposal

Notes and Assumptions

- 1 Debt service was adjusted to reflect the latest Alaskan Public Debt Report information less Bank of America income offset
- 2 Capital (cash) was reduced from operating expenditure budget by \$7 million annually beginning in FY 1999 that will be used for debt service
- 3 The CBRF rate of return was calculated at 7.16% beginning in FY 1998, reflecting Dept. of Revenue's latest projections.
- 4 Tobacco tax revenues utilize Department of Revenue's latest projections
- 5 New fuel tax revenues were calculated as follows utilizing Department of Transportation estimates:
 - 3 cents on Highways (on and off road)
 - 3 cents on Marine (on and off)
 - 1 cent on Aviation
- 6 Sale of the Four Dam Pool at \$100 million, deposited in the CBRF, could generate an additional \$7 million in earnings to service \$70 million in debt in the Capital Fund
- 7 No interest earnings were calculated on the Capital Fund balance.
- 8 A blend of 15 and 20 year bonds and/or more favorable rates could net nearly \$1.5 billion from \$125 million in debt service
- 9 The CBRF principal is not reduced by the capital program in this scenario

Deferred Maintenance Task Force

Financing Proposal

INTEGRATION INTO FIVE YEAR BUDGET STRATEGY								
	FY 1998	FY 1999	FY 2000	FY2001	FY 2002	FY 2003	FY 2004	FY 2005
Revenues								
Unrestricted Revenues	2,057.3	1,968.8	1,898.9	1,950.1	1,971.8	1,978.3		
Adjustments	(58.7)	(56.1)	(63.8)	(63.8)	(60.0)	(60.0)		
AHFC Dividend	70.0	72.1	74.3	76.5	78.8	81.1		
AIDEA Dividend	16.0	15.0	15.0	15.0	15.0	15.0		
General Fund Balance Forward	66.8							
CBRF Appropriated to Gen. Fund	178.9	261.3	302.5	257.5	217.6	205.6		
Remaining New Revenues	40.6	46.0	38.4					
Total Revenues	2,370.9	2,307.1	2,265.3	2,235.3	2,223.2	2,220.0		
Expenditures								
Operating	2,151.5	2,096.5	2,071.6	2,058.2	2,058.2	2,058.2		
Debt Service	87.4	85.5	68.6	52.0	39.9	36.7		
Capital	100.0	93.0	93.0	93.0	93.0	93.0		
Special/Transfers/Fund Capitalization	15.5	15.1	15.1	15.1	15.1	15.1		
Supplementals	16.5	17.0	17.0	17.0	17.0	17.0		
Total Expenditures	2,370.9	2,307.1	2,265.3	2,235.3	2,223.2	2,220.0		
Projected Surplus or (Gap)	0.0	0.0	0.0	0.0	0.0	0.0		
CBRF Beginning Balance	3,297.4	3,515.1	3,728.5	3,915.9	3,956.8	3,994.5	4,004.9	4,008.7
Projected Earnings	236.1	251.7	267.0	280.4	283.3	286.0	286.8	287.0
Transfers to General Fund	(178.9)	(261.3)	(302.5)	(257.5)	(217.6)	(205.6)	(210.0)	(210.0)
Transfers to Capital Fund		(7.0)	(7.0)	(7.0)	(53.0)	(95.0)	(98.0)	(98.0)
Additional Settlement Deposits	160.5	230.0	230.0	25.0	25.0	25.0	25.0	25.0
Net of Sweep Provisions								
Direct CBR Earnings								
CBRF Fund Ending Balance	3,515.1	3,728.5	3,915.9	3,956.8	3,994.5	4,004.9	4,008.7	4,012.7
Capital Fund Beginning Balance		21.3	40.3	39.3	18.3	3.3	0.3	0.3
Revenue from Tobacco Tax	21.3	32.0	32.0	32.0	32.0	32.0	32.0	32.0
		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers from CBRF	0.0	7.0	7.0	7.0	53.0	95.0	98.0	98.0
Capital Fund Debt Service		(20.0)	(40.0)	(60.0)	(100.0)	(130.0)	(130.0)	(130.0)
Capital Fund Ending Balance	21.3	40.3	39.3	18.3	3.3	0.3	0.3	0.3

Sheet1

Priority #	dist	students	City	School	cost	deferred maint
28	3-4		Juneau	Marie Drake Roof Replacement	\$1,189,354	\$1,189,354
29	3-4	512	Juneau	Auke Bay Roof Replacement	\$847,817	\$847,817
45	3-4	1702	Juneau	High School Heating & Ventilation	\$106,663	\$106,663
48	3-4	610	Juneau	Floyd Dryden Gym Floor Replacement	\$183,654	\$183,654
64	3-4	1702	Juneau	High School Gym Floor Replacement	\$129,197	\$129,197
69	3-4	365	Juneau	Gastineau Heating Coil Replacement	\$183,236	\$183,236
66	3-4	1702	Juneau	Cover for JDHS/UAS Overpass	\$201,614	\$0
69	3-4	751	Juneau	Dzantik'i Heeni Site Development	#####	\$0
					\$6,365,601	\$2,639,921

FAX

TO: Bill Rose
FAX # 907-786-4619

FROM: Denny DeWitt, Legislative Assistant
Representative Eldon Mulder
Phone # 907-465-2647
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E-mail: Dennis_DeWitt@legis.state.ak.us

DATE: October 29, 1997

PAGES: 5, including cover

SUBJECT: DMTF Information

COMMENTS: Thanks for taking the time to review my numbers. This is still a work in progress, however, its getting real near being done.

I changed:

1. Deposit to Capitol Fund in 1999 from 105.5 to 90
2. Deposit to Capitol Fund in 2003 from 139.8 to 123
3. New debt service to increase from 30 by increments of 25. to 2003 then by 20 and 17. This gives a more level budget through 2004 which is a concern of Senators Leman and Wilken. The reality is that spending will stretch out to 2007 at least.
4. It appears that we still level our and the CBRF grows a bit more. That creates more flexibility in the out years.

Attached:

1. Bill's financing plan and new capital spending (2 pages)
2. Denny's Adjusted financial plan and new capital (2 Pages)
3. New state debt report as of 10/29/97

Jan.16, 97 no priorities

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>
Revenues										
	\$18.94*1.373 bbpd									
Unrestricted Revenues (1)	1,893.0	2,134.5	2,526.0	2,121.3	1,907.5	1,896.3	1,947.5	1,971.8	1,978.3	
Adjustments (2)	(16.5)	16.6	(48.0)	(72.2)	(67.5)	(70.0)	(61.0)	(60.0)	(60.0)	
AHFC Dividend (3)	220.0	70.0	50.0	70.0	72.1	74.3	76.5	78.8	81.1	
AIDEA Dividend (4)	60.0	0.0	15.0	16.0	15.0	15.0	15.0	15.0	15.0	
Required CBRF(5)	287.0	0.0	0.0	190.2	348.4	329.5	276.1	239.9	233.7	
New Revenues ('96 forecast minus sa	109.7	0.0	0.0	49.5	48.6	39.0	0.0	8.6	5.9	
Total Revenues	2,553.2	2,221.1	2,543.0	2,374.8	2,324.1	2,284.1	2,254.1	2,254.1	2,254.0	
Expenditures										
Base spending level				2,434.8	2,374.8	2,324.1	2,284.1	2,254.1	2,254.1	
Operating (7)	2,188.4	2,218.1	2,206.2	2,152.7	2,110.9	2,087.8	2,074.4	2,086.5	2,089.6	
Debt Service (Alaska Public Debt Rep	133.1	109.4	93.1	87.4	85.5	68.6	52.0	39.9	36.7	
Capital	101.3	116.0	100.1	100.0	93.0	93.0	93.0	93.0	93.0	
Specials/Transfers/Fund Capitalizatio	33.0	18.6	15.4	14.7	14.7	14.7	14.7	14.7	14.7	
Revised Programs/Supplementals (10	45.6	28.5	20.0	20.0	20.0	20.0	20.0	20.0	20.0	
Non-recurring expenditures	54.3	14.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Total Expenditures	2,555.7	2,505.1	2,434.8	2,374.8	2,324.1	2,284.1	2,254.1	2,254.1	2,254.0	
Total Recurring Expenditures	2,501.4	2,490.6	2,434.8	2,374.8	2,324.1	2,284.1	2,254.1	2,254.1	2,254.0	
Expenditure Reduction from Previous FY (11)		(55.8)	(60.0)	(50.0)	(40.0)	(30.0)	0.0	0.0		TARGET?
As a % of Total Expenditures		-2.2%	-2.5%	-2.1%	-1.7%	-1.3%				
Gap or Surplus Using CBRF Income	(160.0)	281.6	35.5	(97.4)	(69.5)	(5.1)	32.0	38.9		
Gap or Surplus Not Using CBRF Income	(284.0)	108.2	(190.2)	(348.4)	(329.5)	(276.1)	(239.9)	(233.7)		
CBRF Beginning Balance										
Projected Earnings (5)	145.1	173.4	225.7	251.0	260.0	271.0	271.9	272.6	272.6	272.6
Transfers to General Fund (5)	(284.0)	0.0	(190.2)	(348.4)	(329.5)	(276.1)	(239.9)	(233.7)	(233.7)	(233.7)
Transfers to Capital Fund				(7.0)	(7.0)	(7.0)	(47.5)	(63.7)	(63.7)	(63.7)
Additional Settlement Deposits (12)	551.5	420.0	250.0	230.0	230.0	25.0	25.0	25.0	25.0	25.0
Net of Sweep Provisions (13)	(21.1)	108.2	0.0	0.0	0.0	0.0				
Direct CBR appropriation	(8.4)									
CBRF Ending Balance	2,518.5	3,220.1	3,505.6	3,631.2	3,784.7	3,797.6	3,807.1	3,807.3	3,807.5	3,807.7
Capital Fund Beginning Balance										
Revenue from Tobacco Tax			0.0	21.3	49.6	47.9	16.2	0.0	0.0	0.0
Revenue from Additional Fuels Tax			21.3	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Transfer from CBRF			0.0	19.3	19.3	19.3	19.3	19.3	19.3	19.3
Debt Service			0.0	7.0	7.0	7.0	47.5	63.7	63.7	63.7
Capital Fund Ending Balance			0.0	71.6	108.6	115.0	115.0	115.0	115.0	115.0
PF Earnings Reserve Beginning Balance										
Income	1,202.6	1,03.5	583.5	654.5	737.5	814.5	959.5	1,158.5		
To Dividend Fund	(642.8)	(706.0)	(715.0)	(746.0)	(793.0)	(768.0)	(764.0)	(805.0)		
To Principal for Inflation Proofing	(407.2)	(465.0)	(514.0)	(571.0)	(597.0)	(624.0)	(652.0)	(681.0)		
To Principal/Amerada Hess	(18.4)	(16.0)	(11.0)	(11.0)	(12.0)	(13.0)	(14.0)	(15.0)		
Escrow Earnings/Law Appropriation	(2.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Legislative Deposits to Principal	(1,842.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
PF Earnings Reserve Ending Balance	103.5	583.5	654.5	737.5	814.5	959.5	1,158.5	1,371.5		
Increase to PF Reserves from Previous FY		480.0	71.0	83.0	77.0	145.0	199.0	213.0		

Jan.16, 97 no priorities

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
<u>Revenues</u>										
	\$18.94*1.373 bbpd									
Unrestricted Revenues (1)	1,893.0	2,134.5	2,526.0	2,121.3	1,907.5	1,896.3	1,947.5	1,971.8	1,978.3	
Adjustments (2)	(16.5)	16.6	(48.0)	(72.2)	(67.5)	(70.0)	(61.0)	(60.0)	(60.0)	
AHFC Dividend (3)	220.0	70.0	50.0	70.0	72.1	74.3	76.5	78.8	81.1	
AIDEA Dividend (4)	60.0	0.0	15.0	16.0	15.0	15.0	15.0	15.0	15.0	
Required CBRF(5)	287.0	0.0	0.0	190.2	348.4	329.5	276.1	239.9	233.7	
New Revenues ('96 forecast minus sa)	<u>109.7</u>	<u>0.0</u>	<u>0.0</u>	<u>49.5</u>	<u>48.6</u>	<u>39.0</u>	<u>0.0</u>	<u>8.6</u>	<u>5.9</u>	
<u>Total Revenues</u>	<u>2,553.2</u>	<u>2,221.1</u>	<u>2,543.0</u>	<u>2,374.8</u>	<u>2,324.1</u>	<u>2,284.1</u>	<u>2,254.1</u>	<u>2,254.1</u>	<u>2,254.0</u>	
<u>Expenditures</u>										
Base spending level				2,434.8	2,374.8	2,324.1	2,284.1	2,254.1	2,254.1	
Operating (7)	2,188.4	2,218.1	2,206.2	2,152.7	2,110.9	2,087.8	2,074.4	2,086.5	2,089.6	
Debt Service (Alaska Public Debt Rep	133.1	109.4	93.1	87.4	85.5	68.6	52.0	39.9	36.7	
Capital	101.3	116.0	100.1	100.0	93.0	93.0	93.0	93.0	93.0	
Specials/Transfers/Fund Capitalizatio	33.0	18.6	15.4	14.7	14.7	14.7	14.7	14.7	14.7	
Revised Programs/Supplementals (10	45.6	28.5	20.0	20.0	20.0	20.0	20.0	20.0	20.0	
Non-recurring expenditures	54.3	<u>14.5</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
<u>Total Expenditures</u>	<u>2,555.7</u>	<u>2,505.1</u>	<u>2,434.8</u>	<u>2,374.8</u>	<u>2,324.1</u>	<u>2,284.1</u>	<u>2,254.1</u>	<u>2,254.1</u>	<u>2,254.0</u>	
<u>Total Recurring Expenditures</u>	<u>2,501.4</u>	<u>2,490.6</u>	<u>2,434.8</u>	<u>2,374.8</u>	<u>2,324.1</u>	<u>2,284.1</u>	<u>2,254.1</u>	<u>2,254.1</u>	<u>2,254.0</u>	
<u>Expenditure Reduction from Previous FY (11)</u>	(55.8)	(60.0)	(50.0)	(40.0)	(30.0)	(30.0)	0.0	0.0	0.0	
As a % of Total Expenditures	-2.2%	-2.5%	-2.1%	-1.7%	-1.3%	-1.3%				
<u>Gap or Surplus Using CBRF income</u>	<u>(160.0)</u>	<u>281.6</u>	<u>35.5</u>	<u>(97.4)</u>	<u>(69.5)</u>	<u>(5.1)</u>	<u>32.0</u>	<u>38.9</u>		
<u>Gap or Surplus Not Using CBRF income</u>	<u>(284.0)</u>	<u>108.2</u>	<u>(190.2)</u>	<u>(348.4)</u>	<u>(329.5)</u>	<u>(276.1)</u>	<u>(239.9)</u>	<u>(233.7)</u>		
<u>CBRF Beginning Balance</u>										
Projected Earnings (5)	145.1	173.4	225.7	251.0	260.0	271.0	271.9	272.6	272.6	272.6
Transfers to General Fund (5)	(284.0)	0.0	(190.2)	(348.4)	(329.5)	(276.1)	(239.9)	(233.7)	(233.7)	(233.7)
Transfers to Capital Fund				(7.0)	(7.0)	(7.0)	(47.5)	(63.7)	(63.7)	(63.7)
Additional Settlement Deposits (12)	551.5	420.0	250.0	230.0	230.0	25.0	25.0	25.0	25.0	25.0
Net of Sweep Provisions (13)	(21.1)	108.2	0.0	0.0	0.0	0.0				
Direct CBR appropriation	(8.4)									
<u>CBRF Ending Balance</u>	<u>2,518.5</u>	<u>3,220.1</u>	<u>3,505.6</u>	<u>3,631.2</u>	<u>3,784.7</u>	<u>3,797.6</u>	<u>3,807.1</u>	<u>3,807.3</u>	<u>3,807.5</u>	<u>3,807.7</u>
<u>Capital Fund Beginning Balance</u>										
Revenue from Tobacco Tax			0.0	21.3	49.6	47.9	16.2	0.0	0.0	0.0
Revenue from Additional Fuels Tax			21.3	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Transfer from CBRF			0.0	19.3	19.3	19.3	19.3	19.3	19.3	19.3
Debt Service			0.0	7.0	7.0	7.0	47.5	63.7	63.7	63.7
<u>Capital Fund Ending Balance</u>			<u>0.0</u>	<u>(30.0)</u>	<u>(60.0)</u>	<u>(90.0)</u>	<u>(115.0)</u>	<u>(115.0)</u>	<u>(115.0)</u>	<u>(115.0)</u>
<u>PF Earnings Reserve Beginning Balance</u>										
Income	1,202.6	103.5	583.5	654.5	737.5	814.5	959.5	1,158.5		
To Dividend Fund	1,813.6	1,667.0	1,311.0	1,411.0	1,479.0	1,550.0	1,629.0	1,714.0		
To Principal for Inflation Proofing	(642.8)	(706.0)	(715.0)	(746.0)	(793.0)	(768.0)	(764.0)	(805.0)		
To Principal/Amerada Hess	(407.2)	(465.0)	(514.0)	(571.0)	(597.0)	(624.0)	(652.0)	(681.0)		
Escrow Earnings/Law Appropriation	(18.4)	(16.0)	(11.0)	(11.0)	(12.0)	(13.0)	(14.0)	(15.0)		
Legislative Deposits to Principal	(2.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<u>PF Earnings Reserve Ending Balance</u>	<u>(1,842.1)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>		
<u>Increase to PF Reserves from Previous FY</u>	<u>480.0</u>	<u>71.0</u>	<u>83.0</u>	<u>77.0</u>	<u>145.0</u>	<u>199.0</u>	<u>213.0</u>			

**LEGISLATIVE MAJORITY
TWENTIETH ALASKA LEGISLATURE
FIVE YEAR BUDGET STRATEGY
As of May 11, 1997**

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>
<u>Revenues</u> (1)					
Unrestricted Revenues (2)	2,480.5	2,057.3	1,968.8	1,898.9	1,950.1
Adjustments (3)	(60.1)	(58.7)	(56.1)	(63.8)	(63.8)
Trans Alaska Pipeline Liability Fund (4)	0.0	15.6	0.0	0.0	0.0
Trans Alaska Pipeline System Tariff Settlement (5)	0.0	25.0	0.0	0.0	0.0
AHFC Dividend (6)	50.0	70.0	72.1	74.3	76.5
AIDEA Dividend (7)	15.0	16.0	15.0	15.0	15.0
General Fund Balance Forward (8)	0.0	66.8	0.0	0.0	0.0
CBRF Earnings Appropriated to General Fund (9)	0.0	163.8	247.4	262.6	258.0
Remaining New Revenues (10)	0.0	0.0	46.0	38.4	0.0
<u>Total Revenues</u>	<u>2,485.4</u>	<u>2,355.8</u>	<u>2,293.2</u>	<u>2,225.4</u>	<u>2,235.8</u>
<u>Expenditures</u> (1)					
Operating (11)	2,193.1	2,151.5	2,096.5	2,071.6	2,058.2
Debt Service (12)	93.1	72.3	77.2	62.1	45.5
Capital (13)	100.1	100.0	100.0	100.0	100.0
Specials/Transfers/Fund Capitalizations (14)	15.4	15.5	15.1	15.1	15.1
Supplementals (15)	16.9	16.5	17.0	17.0	17.0
<u>Total Expenditures</u> (16)	<u>2,418.6</u>	<u>2,555.8</u>	<u>2,305.8</u>	<u>2,265.8</u>	<u>2,235.8</u>
<u>Expenditure Reduction from Previous FY</u>	<u>(70.3)</u>	<u>(62.8)</u>	<u>(50.0)</u>	<u>(40.0)</u>	<u>(30.0)</u>
As a % of Total Expenditures	-2.8%	-2.6%	-2.1%	-1.7%	-1.3%
<u>Projected Surplus (Fiscal Gap) (17)</u>	<u>66.8</u>	<u>0.0</u>	<u>(12.6)</u>	<u>(40.4)</u>	<u>0.0</u>
<u>CBRF Beginning Balance</u>	<u>2,518.0</u>	<u>3,297.4</u>	<u>3,529.2</u>	<u>3,746.6</u>	<u>3,936.2</u>
Projected Earnings (18)	200.5	235.7	247.4	262.6	275.9
Additional Settlement Deposits (19)	511.5	160.5	230.0	230.0	25.0
General Fund Payback (20)	66.8	0.0	0.0	0.0	0.0
Net of Sweep Provisions (21)	0.6	0.0	0.0	0.0	0.0
Direct Appropriations to Operating (1)	0.0	(0.6)	0.0	0.0	0.0
Earnings Appropriated to General Fund (9)	0.0	(163.8)	(247.4)	(262.6)	(258.0)
Principal To Fill Fiscal Gap	0.0	0.0	(12.6)	(40.4)	0.0
<u>CBRF Ending Balance</u>	<u>3,297.4</u>	<u>3,529.2</u>	<u>3,746.6</u>	<u>3,936.2</u>	<u>3,979.1</u>
<u>Total Required CBRF Appropriations (22)</u>	<u>0.0</u>	<u>164.4</u>	<u>260.0</u>	<u>303.0</u>	<u>258.0</u>
<u>PF Earnings Reserve Beginning Balance (23)</u>	<u>104.0</u>	<u>100.0</u>	<u>139.0</u>	<u>185.0</u>	<u>223.0</u>
Income	1,900.0	1,326.0	1,425.0	1,492.0	1,562.0
To Dividend Fund	(730.0)	(741.0)	(774.0)	(822.0)	(798.0)
To Principal - Inflation Proofing	(485.0)	(535.0)	(593.0)	(620.0)	(648.0)
To Principal - Amerada Hess	(9.0)	(11.0)	(12.0)	(12.0)	(13.0)
To Principal - Legislative Deposit	(680.0)	0.0	0.0	0.0	0.0
<u>PF Earnings Reserve Ending Balance</u>	<u>100.0</u>	<u>139.0</u>	<u>185.0</u>	<u>223.0</u>	<u>326.0</u>
<u>Change to PF Reserves from Previous FY</u>	<u>(4.0)</u>	<u>39.0</u>	<u>46.0</u>	<u>38.0</u>	<u>103.0</u>

LEGISLATIVE MAJORITY
TWENTIETH ALASKA LEGISLATURE
NOTES TO FIVE YEAR BUDGET STRATEGY
As of May 11, 1997

- (1) All values are reflected in millions of dollars. Revenues reflect General Fund (GF) unrestricted plus other transfers to the GF. With the exception of FY 98, when the Legislature made direct appropriations from the CBRF to the Department of Revenue, all expenditures are GF.
- (2) FY 97-99 GF Unrestricted Revenue forecast per the Spring 1997 Revenue Sources Book prepared by the Alaska Department of Revenue, as updated by information provided by the Department of Revenue as of May 1, 1997. FY 00-01 GF Unrestricted Revenue forecast per the Fall 1996 Revenue Sources Book as supplemented by information provided January 16, 1997 by the Department following the Department's Revenue Overview presentation to the Senate Finance Committee.
- FY 97-01 GF Unrestricted revenues have also been adjusted to reflect the reclassifications that will occur with the anticipated enactment of SB 55, related to designated program receipts. The portion of the additional revenues that will be deposited to the GF with anticipated enactment of SB 13, related to tobacco taxes, have also been included. The GF portion of the revenue increases is \$1.8 million for FY 98 and \$2.6 million for each of FY 99-01.
- (3) As reflected in the Fall 1996 Revenue Sources Book, the GF Unrestricted Revenue forecast includes GF program receipts. Accordingly, no adjustment is required to add these receipts to the unrestricted revenues in computing available revenues as was necessary prior to the Fall 1996 forecast.
- FY 97-99 Adjustments have been taken from Table 3 on page 12 of the Spring 1997 Revenue Sources Book. The Department of Revenue's adjustments include receipts from the Trans-Alaska Pipeline Liability Fund, one-time AHFC Mortgage Insurance Fund receipts and AHFC and AIDEA dividends to the GF. The Majority's strategy separately identifies the amounts to be transferred from AHFC and AIDEA. Accordingly, these one time payments as well as the Corporation dividends have been eliminated from the Adjustments line, and are reflected as separate lines at the levels proposed by the Legislative Majority. See Notes (4), (6) and (7).
- On February 28, 1997 the Governor announced that instead of depositing the AIDEA dividend into the GF he proposed to directly spend the FY 98-01 AIDEA dividends on capital projects, the Spring 1997 Revenue Sources Book reports them as other restricted receipts.
- Per the Division of Legislative Finance's January 16, 1997 summary of the Governor's budget plan issues, the Department of Revenue unnecessarily deducted Salmon & Seafood Marketing receipts in Table 4 on page 12 of the Fall 1996 Revenue Sources Book. Accordingly, \$3.6 million is added back into the FY 99-01 Adjustment amounts.
- (4) The GF portion of up to \$20.0 million in additional receipts from the Trans Alaska Pipeline Liability Fund as described by the Division of Legislative Finance on page 4 of their January 15, 1997 analysis of the Department of Revenue's January 1997 Revenue update.
- (5) Settlement announced May 2, 1997 by the Attorney General.
- (6) Per Ch 103 SLA 1995, page 35, estimated available amounts are \$103.0 million from FY 97 through FY 00. Assumes a 3% annual increase in contributions to the GF starting in FY 99. The Governor's plan assumes only a \$50.0 million AHFC dividend to the GF in each of FY 98-01.
- (7) Per OMB, AIDEA announced a \$16.0 million FY 98 dividend. OMB projects a \$15.0 million dividend in each of FY 99-01 based on the provisions of AS 44.88.088 enacted by Ch 111 SLA 1996 (HB 526).
- (8) Projected FY 97 GF balance available in FY 98 with the passage of the CBRF sweep reversal.
- (9) Use of CBRF Earnings as a revenue source currently requires a three-quarter vote of the Legislature under the provisions of Article IX, Section 17(c) of the Alaska State Constitution.

LEGISLATIVE MAJORITY
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- (10) Remaining New Revenues are those projected in the Nineteenth Alaska Legislature Legislative Majority's February 12, 1996 Five Year Budget Strategy, reduced for increased revenue projections resulting from the acceleration of field development (Northstar and West Sak) and the development of new fields (Alpine, and Satellites) not previously included. The Department of Revenue has already included in their Spring 1996 Revenue Source Book the following projected new revenues for Northstar and the other fields (West Sak, Alpine, and satellite fields).

	<u>Northstar</u>	<u>Other Fields</u>
FY 98		\$16.5 million
FY 99		\$19.4 million
FY 00	\$13.4 million	\$15.6 million
FY 01	\$41.7 million	\$37.3 million

Since these new revenues are now included in the Department's Revenue forecast, remaining new revenues are less than those proposed February 12, 1996 by the above amounts. In the case of FY 98 and FY 01, new revenues already included in the Unrestricted Revenue line exceed the New Revenue projections included February 12, 1996. Consequently, no remaining new revenues are reflected for either fiscal year.

- (11) Includes fiscal notes for all new legislation, but does not include shared taxes or fisheries enhancement taxes statutory pass-throughs.
- (12) FY 98 reflects the Governor's request. FY 99-01 are from the Department of Revenue's January 1997 Alaska Public Debt, page 62, with a \$8.7 million reduction to FY 98 identified by OMB. Values are exclusive of University of Alaska debt of \$.2 million in each of those years.
- (13) The FY 98 capital budget includes additional capitalization of the Alaska Clean Water Fund at \$1.1 million and \$5.4 capitalization of the Alaska drinking Water Fund.
- (14) Includes
- a) GF transfers to the Oil & Hazardous Substance Release Prevention and Response Fund;
 - b) transfers from the Prevention and Response Mitigation Accounts;
 - c) transfer of Storage Tank Registration Fees to the Storage Tank Assistance Fund; and
 - d) capitalization of the Alaska Clean Water Fund at \$1.5 million for each of FY 97-01.
- (15) Excludes FY 97 GF Revised Programs of \$3.9 million, actual GF RPL's approved through the January 13, 1997 Legislative Budget & Audit Committee meeting. FY 98-01 GF Revised Programs, projected to be \$3.0 million each year, are also excluded.
- (16) Total FY 97 expenditures is the amount authorized, including operating authorizations carried forward from previous fiscal years, per the Division of Legislative Finance's January 15, 1997 All Funds Fiscal Summary.
- (17) This update reflects the projected fiscal gap as a negative number instead of a positive number, as did the February 12, 1996 Five Year Budget Strategy.
- (18) FY 97-98 projections are from Table 5 on page 14 of the Spring 1997 Revenue Sources Book. FY 99-01 earnings are computed using the CBRF beginning balance multiplied by an annualized rate of return. As reflected in his January 18, 1997 testimony to the Senate Finance Committee, Robert D. Storer of the Department of Revenue, Treasury Division current projects a 7.01 % average annual rate of return for FY 99-01.
- (19) FY 97-98 projections are from Table 5 on page 14 of the Spring 1997 Revenue Sources Book. Billings subject to deposit in the CBRF as of September 30, 1996 totaled \$1,465.7 million, excluding the \$350.0 million settlement amount received in December 1996 from BP.

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- (20) Article IX, Section 17(d) of the Alaska State Constitution requires the annual "sweep" of GF account balances at the end of each fiscal year to repay previous amounts appropriated from the CBRF if GF revenues exceed expenditures in any fiscal year. The amount included as a repayment is exclusive of the sweep reversal transaction described in Note (21) below.
- (21) Represents the net of:
- a) prior year sweep amounts for certain operational accounts repaid to the GF (prior fiscal year sweep reversal) at the beginning of the fiscal year; and
 - b) GF sweep amounts for those same accounts deposited into the CBRF at the end of the fiscal year.
- (22) Represents the total draw from the CBRF, exclusive of the netting of the sweep provisions described in Note (21) above.
- (23) FY 97-98 projections are from Table 5 on page 14 of the Spring 1997 Revenue Sources Book . FY 99-01 projections are from the Permanent Fund Corporation's December 31, 1996 Financial Projections.

Assumptions and Notes

1. Debt service was adjusted to reflect the latest Alaskan Public Debt Report information less the Bank of America income offset.
2. Capital was reduced by \$7 million annually beginning in FY 1999
3. The CBRF rate of return was calculated at 7.16% beginning in FY 1998 utilizing Department of Revenue's latest information
4. Tobacco tax revenues utilize Department of Revenue's latest projections
5. New fuel tax revenues were calculated as follows utilizing Department of Transportation estimates:
 - 3 cents on Highways (on and off road)
 - 3 cents on Marine (on and off)
 - 1 cent on aviation
6. Sale of the Four Dam Pool at \$100 million could generate an additional \$7 million in debt service if added to the Capital fund at the time of sale.
7. No interest earnings were calculated on the Capital Fund balance. Arbitrage funds are not included.
8. A blend of 15 and 20 year bonds and/or more favorable rates could net nearly \$1.4 billion from \$115 million in annual debt service.
9. Sale of the Four Dam Pool coupled with more favorable rates and blended terms could reach the \$1.5 billion target
10. The CBRF principle is not affected by the capital program in this scenario.

- 1) Money Deferred Maintenance needs in the state
- 2) Fund Deferred Maintenance within the five-year plan
- 3) Long-term solutions/recommendations
- 4) Develop a five-year capital plan/school debt reimbursement
- 5) Address local responsibility
- 6) Relate tobacco tax to Deferred Maintenance on schools
- 7) Shed state responsibility on long-term costs (harbors, roads)
- 8) Expand proto-typical school system statewide
- 9) Protect Permanent Fund & PFD
- 10) Systemic changes to reduce costs (Deferred Maintenance & Capital)
- 11) Screen Deferred Maintenance list (real vs. perceived)
- 12) Appropriate capital budget annually (do not overheat)
- 13) Process for prioritization
- 14) Expand long-term solutions for revenue options

FY96 appropriations			
HB268	Section 6	8,650.0	Aurora, Ursa Minor, Eileson
	12	1,800.0	UAS residence hall reapprop from Marina
	29(a)4	83.2	UAA library materials reapprop from Merrill Field storm trunk
	44		Chugiak High School exterior wall reapprop from Fire Lake water and sewer
	100	400.0	UAA parking facilities reapprop from LB&A
	100	400.0	Anchorage School Dist technology improvements
	106	100.0	SE Island School Dist for Port Protection
	107	300.0	KuspukDist, relocatable in Kalskag
	112	7,000.0	UA deferred maintenance
	135	214.9	Mt. Edgecoubme renovations & equipment
	135	1,400.0	UAA telecommunications
	135	43.0	contaminated sites UA Palmer Dump Site
	135	1,000.0	UAA Machetanz Bldg completion, 500 vetoed
	135	3,500.0	UAF Elvey Bldg
	135	79.9	North Pole HS auditorium sprinkler repair
		44.1	North Pole Middle S Emergency Power
		73.5	Ryan Middle S Emergency Power
		18.4	Two Rivers Elementary Emergency Power
		51.5	West Valley HS Emergency Power
		97.2	Cordova HS Boiler replacement
		20.0	Hooper Bay basketball court construction
		50.0	Tatitlek teacher housing construction
		10.0	Tazlina distance learning/medical link equipment
		10.0	Tazlina hockey rink construction
		5.0	Tazlina school bus stop shelters
HB 137	43	1,989.0	UA Butrovich Bldg panel replacement
		27,339.7	

STATE DEBT SERVICE

STATE DEBT SERVICE FY 1999 TO FY 2017

State Debt Service FY 99 - 17 Does not include Trustee Fees	FY99	FY00	FY 01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
ACTUAL																			
Palmer Fire facility	766,034	767,447	767,703	766,803	759,747	756,765	757,628	762,103	759,438										
Spring Creek Correctional	4,148,043	4,151,273	4,138,922	4,133,923	4,128,605	4,126,383	4,116,935	4,110,535	1,026,826										
Seward Student Center	667,560	722,250																	
Palmer Courthouse	412,028	411,495	414,445	415,781	415,530														
Kenai Courthouse	562,388	565,910	562,796	563,046	566,363														
Wildwood Correctional Acq.	996,920	993,160																	
Wildwood Correctional Imp.	967,690																		
Court Plaza Building	977,428	976,700	445,331																
Anchorage Times Building	790,593	790,278	790,275	789,676	789,435	789,312													
Soldotna Maintenance	626,640	630,580	631,905	637,330	636,630	639,310	640,323	640,148	643,508	643,508									
Anchorage Health Lab (est)	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	247,1080									
Fairbanks Courthouse	2,860,611	2,882,500	2,890,500	2,894,500	2,899,500	2,900,250	2,906,750	2,913,500	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250				
Bank of America Building (est)		1,183,121	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363
Total Lease Financing	16,247,015	16,545,794	16,662,320	16,221,502	16,216,253	15,232,463	14,442,079	14,446,729	11,370,465	9,584,201	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	3,549,363	3,549,363	3,549,363	3,549,363
State G. O Bonds	8,839,307	2,432,957																	
Subtotal G.O. & Lease/Fin	25,086,322	18,978,751	16,662,320	16,221,502	16,216,253	15,232,463	14,442,079	14,446,729	11,370,465	9,584,201	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	3,549,363	3,549,363	3,549,363	3,549,363
International AP Revenue Bonds	4,969,783	2,877,508	2,614,371	2,613,260	2,617,730	2,617,695	2,622,765	2,617,673	2,622,000										
Clean Water Funds Rev. Bonds																			
TOTAL STATE DEBT SERVICE	30,056,105	21,856,259	19,276,691	18,834,762	18,833,983	17,850,158	17,064,844	17,064,402	13,992,465	9,584,201	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	3,549,363	3,549,363	3,549,363	3,549,363
MEMO																			
School Debt Reimbursement	59,900,000	50,300,000	38,400,000	26,700,000	23,600,000	21,400,000	21,300,000	18,300,000	13,900,000	13,700,000	11,100,000	11,000,000	10,900,000	11,000,000	10,100,000	9,600,000	8,000,000	5,200,000	2,400,000
University of Alaska COP	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	100,000								
Total State Supported D/S**	85,186,322	69,478,751	55,262,320	43,121,502	40,016,253	36,832,463	35,942,079	32,946,729	25,470,465	23,384,201	17,569,613	17,469,613	17,369,613	16,569,613	16,069,613	11,549,363	8,749,363	5,949,363	3,549,363
** (Excludes Revenue Bonds -- AP & Clean Water)																			
w/o B of A debt offset by rent	85,186,322	68,295,630	51,712,957	39,572,139	36,466,890	33,283,100	32,382,716	29,397,366	21,921,102	19,834,838	14,020,250	13,920,250	13,820,250	13,020,250	12,520,250	8,000,000	5,200,000	2,400,000	0

STATE DEBT SERVICE FY 1999 TO FY 2017

State Debt Service FY 99 - 17 Does not include Trustee Fees	FY99	FY00	FY 01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
ACTUAL																			
Palmer Fire facility	786,034	767,447	767,703	796,803	769,747	766,765	767,628	762,102	759,438										
Spring Creek Correctional	4,148,043	4,151,273	4,138,922	4,132,923	4,128,605	4,126,383	4,116,936	4,110,535	1,029,826										
Seward Student Center	667,560	722,250																	
Palmer Courthouse	412,028	411,485	414,445	415,781	415,530														
Kanal Courthouse	562,388	565,910	562,798	563,046	566,363														
Wildwood Correctional Acq.	998,920	993,160																	
Wildwood Correctional Imp.	987,690																		
Court Plaza Building	977,428	976,700	445,321																
Anchorage Times Building	780,593	780,278	780,275	789,676	789,435	789,312													
Soldotna Maintenance	628,640	630,580	631,905	637,330	636,630	639,310	640,323	C40,148	643,508	643,508									
Anchorage Health Lab (est)	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080									
Fairbanks Courthouse	2,860,811	2,882,500	2,890,500	2,894,500	2,899,500	2,900,250	2,906,750	2,913,500	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250	2,920,250
Bank of America Building (est)		1,183,121	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363
Total Lease Financing	16,247,016	16,545,794	16,662,320	16,221,502	16,216,253	15,232,463	14,442,079	14,446,729	11,370,465	9,584,201	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	3,549,363	3,549,363	3,549,363
State G. O Bonds	8,839,307	2,432,957																	
Subtotal G.O. & Lease/Fin	25,086,322	18,978,751	16,662,320	16,221,502	16,216,253	15,232,463	14,442,079	14,446,729	11,370,465	9,584,201	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	3,549,363	3,549,363	3,549,363
International AP Revenue Bonds	4,969,783	2,877,508	2,614,371	2,613,260	2,617,730	2,617,685	2,622,785	2,617,673	2,622,000										
Clean Water Funds Rev. Bonds																			
TOTAL STATE DEBT SERVICE	30,056,105	21,856,259	19,276,691	18,834,762	18,833,983	17,850,148	17,064,844	17,064,402	13,992,465	9,584,201	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	6,469,613	3,549,363	3,549,363	3,549,363
MEMO																			
School Debt Reimbursement	59,900,000	50,300,000	38,400,000	26,700,000	23,600,000	21,400,000	21,300,000	18,300,000	13,900,000	13,700,000	11,100,000	11,000,000	10,900,000	11,000,000	10,100,000	9,600,000	8,000,000	5,200,000	2,400,000
University of Alaska COP	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	100,000									
Total State Supported D/S**	60,100,000	50,500,000	38,600,000	26,900,000	23,800,000	21,600,000	21,500,000	18,500,000	14,100,000	13,800,000	11,300,000	11,100,000	10,900,000	11,100,000	10,200,000	9,800,000	8,200,000	5,400,000	2,600,000
** (Excludes Revenue Bonds - AP & Cle: 'Valer)																			
w/o B of A debt offset by rent	65,186,322	58,295,630	51,712,657	39,572,138	36,468,890	33,283,100	32,392,716	29,397,196	21,921,102	19,834,838	14,920,260	13,920,260	13,820,260	13,920,260	12,620,260	12,620,260	8,000,000	5,200,000	2,400,000

Denny
258-5511

DEBT SERVICE
FY 99-07

(Does not include Trustee Fees)

	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>
ACTUAL									
Palmer Fire Facility	766,034	767,447	767,703	766,803	759,747	756,765	757,628	762,103	759,438
Spring Creek Correctional	4,148,043	4,151,273	4,138,922	4,133,823	4,128,605	4,126,383	4,116,935	4,110,535	1,026,828
Seward Student Center	667,560	722,250	-	-	-	-	-	-	-
Palmer Courthouse	412,028	411,495	414,445	415,781	415,530	-	-	-	-
Kenai Courthouse	562,368	565,910	562,786	563,046	566,363	-	-	-	-
Wildwood Correctional - Acq.	998,920	993,160	-	-	-	-	-	-	-
Wildwood Correctional - Imp.	967,890	-	-	-	-	-	-	-	-
Court Plaza Building	977,428	976,700	445,331	-	-	-	-	-	-
Anchorage Times Building	790,593	790,278	790,275	789,676	789,435	789,312	-	-	-
Soldona Maintenance (est)	626,640	626,640	626,640	626,640	626,640	626,640	626,640	626,640	626,640
Anchorage Health Lab (est)	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080
Fairbanks Courthouse (est)	3,186,521	3,186,521	3,186,521	3,186,521	3,186,521	3,186,521	3,186,521	3,186,521	3,186,521
Bank of America Building (est)	-	1,183,121	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363
Total Lease Finance	\$ 16,672,925	\$ 16,845,875	\$ 16,953,076	\$ 16,502,833	\$ 16,493,284	\$ 16,506,064	\$ 14,708,167	\$ 14,706,242	\$ 11,619,869
State G.O. Bonds	8,839,307	2,432,957	-	-	-	-	-	-	-
Subtotal G.O. & Lease Fin.	26,412,232	19,278,832	16,953,076	16,502,833	16,493,284	16,506,064	14,708,167	14,706,242	11,619,869
Interrational AP Revenue Bonds	4,969,783	2,877,508	2,614,371	2,613,280	2,617,730	2,617,695	2,622,785	2,617,673	2,622,000
Clean Water Fund Rev. Bonds	-	-	-	-	-	-	-	-	-
TOTAL STATE DEBT SERVICE	\$ 30,382,015	\$ 22,156,340	\$ 19,567,447	\$ 19,116,093	\$ 19,111,014	\$ 19,123,759	\$ 17,330,952	\$ 17,323,915	\$ 14,241,869

MEMO:									
School Debt Reimbursement	59,900,000	50,300,000	38,400,000	26,700,000	23,600,000	21,400,000	21,300,000	18,300,000	13,600,000
University of Alaska COP	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total State Supported D/S**	86,612,232	69,778,832	66,653,076	43,402,833	40,293,284	37,106,064	36,203,167	33,206,242	25,719,869

** (State Supported Debt Service excludes Revenue Bonds.)

68.6 52.0 39.9 36.7 33.6 32.6 29.7 22.2
68.3 51.7 39.6 36.4 33.3 32.3 29.4 21.9

New
10/29/97

Post-It Fax Note	7671	Date	10-29-97	# of pages	1
To	Dennis De Witt		From	Forest Brown	
Co./Dept.			Co.		
Phone #			Phone #	3750	
Fax #	3518		Fax #		

**DEBT SERVICE
FY 99-07**

(Does not include Trustee Fees)

	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
ACTUAL									
Palmer Fire Facility	766,034	767,447	767,703	768,803	759,747	758,765	757,628	762,103	END 759,438
Spring Creek Correctional	4,146,043	4,151,273	4,138,922	4,133,823	4,128,605	4,126,383	4,116,935	4,110,535	1,026,826 END
Seward Student Center	667,580	722,250	-	-	-	-	-	-	-
Palmer Courthouse	412,028	411,495	414,445	415,781	415,530	-	-	-	-
Kanai Courthouse	562,388	565,910	562,798	563,046	565,363	-	-	-	-
Wildwood Correctional - Acq.	996,920	993,160	-	-	-	-	-	-	-
Wildwood Correctional - Imp.	967,690	-	-	-	-	-	-	-	-
Court Plaza Building	977,428	976,700	445,331	-	-	-	-	-	-
Anchorage Times Building	790,583	790,278	790,275	789,876	789,435	789,312	-	-	-
Soldotna Maintenance	626,640	630,580	631,905	637,330	636,630	639,310	640,323	640,148	643,508 TO 08
Anchorage Health Lab (est)	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080	2,471,080 TO 08
Fairbanks Courthouse	2,880,611	2,882,500	2,880,500	2,884,500	2,889,500	2,900,250	2,906,750	2,913,500	2,920,250 TO 13
Bank of America Building (est)	-	1,183,121	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363	3,549,363 TO 17
Total Lease Finance	\$ 16,247,816	\$ 16,646,794	\$ 16,662,329	\$ 16,221,592	\$ 16,216,253	\$ 16,232,463	\$ 14,442,879	\$ 14,446,729	\$ 11,379,466
State G.O. Bonds	8,639,307	2,432,957	-	-	-	-	-	-	-
Subtotal G.O. & Lease/Fin.	25,086,322	19,078,751	16,662,329	16,221,592	16,216,253	16,232,463	14,442,879	14,446,729	11,379,466
International AP Revenue Bonds	4,989,783	2,677,508	2,614,371	2,613,260	2,617,730	2,617,685	2,622,785	2,617,873	2,622,000
Clean Water Fund Rev. Bonds									
TOTAL STATE DEBT SERVICE	\$ 30,066,105	\$ 21,856,259	\$ 19,276,691	\$ 18,834,762	\$ 18,833,983	\$ 17,850,168	\$ 17,064,844	\$ 17,064,482	\$ 13,992,466
MEMO:									
School Debt Reimbursement	59,900,000	50,300,000	38,400,000	28,700,000	23,600,000	21,400,000	21,300,000	18,300,000	13,900,000 TO 17
University of Alaska COP	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Total State Supported D/S**	59,100,000	50,500,000	38,600,000	28,900,000	23,800,000	21,600,000	21,500,000	18,500,000	14,100,000

** (State Supported Debt Service excludes Revenue Bonds.)

Post-It® Fax Note 7671

Date / - 29	# of pages 1
To Dennis DeWitt	From Forrest Brown
Co/Dept.	Co.
Phone #	Phone # 3750
Fax # 3518	Fax #

S.I.
laskaDebt Service on State Supported Debt
\$ (Millions)

Fiscal Year	State G.O.	University of AK	Lease/Purchase Obligations	School Debt Reimbursement	Total Debt Service
1979	60.0	1.7	10.1	22.3	94.1
1980	75.1	1.8	10.1	24.1	111.1
1981	97.6	2.2	10.0	38.4	148.2
1982	97.5	2.3	10.0	38.3	148.1
1983	143.6	2.3	9.9	56.2	212.0
1984	166.3	2.0	9.9	90.6	268.8
1985	169.5	2.0	10.7	93.2	275.4
1986	163.2	1.8	10.4	106.3	281.7
1987	154.9	1.8	11.2	115.8	283.7
1988	147.9	1.5	11.2	109.5	270.1
1989	135.5	2.2	11.7	110.2	259.6
1990	120.3	2.2	12.0	107.4	241.9
1991	95.5	2.7	12.0	116.3	226.5
1992	68.2	2.7	11.8	127.3	210.0
1993	59.7	3.7	11.2	125.0	199.6
1994	33.8	0.2	8.5	98.7	141.2
1995	22.9	0.2	10.2	93.8	127.1
1996	21.3	0.2	9.6	79.7	110.8
1997	16.5	0.2	9.5	68.6	94.8
1998	14.2	0.2	10.3	62.7	87.4
1999	8.8	0.2	10.3	59.9	79.2
2000	2.4	0.2	9.4	50.3	62.3
2001		0.2	7.1	38.4	45.7
2002		0.2	6.7	26.7	33.6
2003		0.2	6.7	23.6	30.5
2004		0.2	5.7	21.4	27.3
2005		0.2	4.9	21.3	26.4
2006		0.2	4.9	18.3	23.4
2007		0.2	1.8	13.9	15.9
2008		0.1		13.7	13.8
2009				11.1	11.1
2010				11.0	11.0
2011				10.9	10.9
2012				11.0	11.0
2013				10.1	10.1
2014				9.6	9.6
2015				8.0	8.0
2016				5.2	5.2
2017				2.4	2.4

AVERAGE ANNUAL DEBT SERVICE**10 YEAR BONDS**

(amounts do not reflect costs of bond issuance: 1 % of Issue)

		AMOUNT OF BOND ISSUE						
		\$ 50,000,000	\$ 75,000,000	\$ 100,000,000	\$ 125,000,000	\$ 150,000,000	\$ 175,000,000	\$ 200,000,000
Begin Coupon Rate 3/1/00	End Coupon Rate 9/1/09							
4.05%	4.80%	\$6,329,438	\$9,494,130	\$12,658,780	\$15,823,567	\$18,988,308	\$22,153,029	\$25,317,740
4.55%	5.30%	\$6,486,235	\$9,729,318	\$12,972,341	\$16,215,448	\$19,458,787	\$22,701,894	\$26,069,257
5.05%	5.80%	\$6,644,967	\$9,967,291	\$13,289,784	\$16,612,343	\$19,934,583	\$23,257,374	\$26,488,140
6.05%	6.80%	\$6,941,472	\$10,451,742	\$13,935,735	\$17,419,592	\$20,903,375	\$24,387,511	\$27,871,267
Impact of Rate Differences								
0.50%		\$156,797	\$235,188	\$313,561	\$391,881	\$470,479	\$548,865	\$751,517
1.00%		\$315,529	\$473,161	\$631,003	\$788,776	\$946,275	\$1,104,345	\$1,170,400
2.00%		\$612,034	\$957,612	\$1,276,954	\$1,596,025	\$1,915,068	\$2,234,482	\$2,553,527