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Alaska State Legislature

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House Special Committee on State Loans

MEMORANDUM

To: Members of the House Special Committee on State Loans
From: Rep. Rick Uehling, Chairman *R.U.*
Date: February 21, 1984
Subject: Work sessions - Budget analysis

Our meeting tomorrow will begin the process of reviewing the agency requests pertaining to HB 650, the Loans appropriation measure.

We will begin with those sections within the Department of Natural Resources, the Agricultural Revolving Loan Fund and the Grain Reserve Program; and also try to cover the sections with the Alaska Power Authority. Both agencies will have representatives at the meeting.

It would be appreciated if you could bring the attached background notebook with you to the meeting, for reference there if you need it. Some of the material is for future sessions, though it is not all complete at this time.

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
85-1	Fisheries Enhancement Loan Program	Statewide	FEDERAL FUNDS	-0-	6
			GENERAL FUNDS	11,000.0	
			OTHER:	-0-	
			TOTAL	11,000.0	
85-2	Commercial Fishing Loan Act	Statewide	FEDERAL FUNDS	-0-	3,500.0
			GENERAL FUNDS	3,500.0	
			OTHER:	-0-	
			TOTAL	3,500.0	
85-3	Alternative Technology and Energy Revolving Loan Fund	Statewide	FEDERAL FUNDS	-0-	5,100.0
			GENERAL FUNDS	5,100.0	
			OTHER:	-0-	
			TOTAL	5,100.0	
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

AGENCY Commerce & Economic Development

**A-3 AGENCY
LOAN
PROGRAM**

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**FY85
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BUDGET REVIEW

TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
AS 16.10.500-620 Fisheries Enhancement Loan Program		Statewide		1	Paul B. Arnoldt, Director	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND	6,978.1	16,070.0	11,602.7		TOTAL APPROPRIATIONS	44,204.1
TOTAL APPROPRIATIONS AND REQUESTS	17,000.0	6,500.0	11,000.0		TOTAL INTEREST RETAINED	0
1002 FEDERAL RECEIPTS	0	0	0		TOTAL BONDS ISSUED	N/A
1004 GENERAL FUNDS	17,000.0	6,500.0	11,000.0		BONDS AUTHORIZED BUT NOT ISSUED	N/A
1028 PROGRAM RECEIPTS	0	0	0		TOTAL PROGRAM FUNDING	
GENERAL OBLIGATION BONDS	0	0	0		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85?	
OTHER	0	0	0		\$112.8	
TOTAL OTHER PROGRAM FUNDING	150.8	10,172.7	602.7		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	150.8	10,172.7	602.7		None	
INTEREST RETAINED	0	0	0			
PRINCIPAL REPAYED	0	0	0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

Description: This program promotes the private ownership of salmon hatcheries by qualified nonprofit corporations for the purpose of contributing to the rehabilitation of Alaska's salmon fishery. These State loans further the economic development of commercial and sportfishing industries and benefit subsistence fisheries.

AS 16.10.500-620 authorizes loans for hatchery planning, construction and operation and for enhancement and rehabilitation activities, including, but not limited to, lake fertilization and habitat improvement. The maximum loan amount is \$10,000,000 per project for a qualified regional aquaculture association and \$1,000,000 per project for a local nonprofit corporation as approved by the regional aquaculture association. The maximum loan maturity is 30 years and the interest rate is 9-1/2%. This is a revolving loan fund which means that, as payments are collected, then those funds become available to be lent out to new borrowers. Interest does not accrue during the initial period of the loan, which is a period of time (as determined by the Commissioner), of not less than six years nor more than ten years from the date the loan is made. In addition, repayment of principal and interest does not begin until after this initial period. Payments are generally made on an annual basis.

AGENCY Commerce & Economic Development

CATEGORY Economic Development

PROGRAM Investments

TITLE Fisheries Enhancement Loan Program

**L-1 LOAN
PROGRAM
DESCRIPTION**

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(Description continued)

25% Reduction: A 25% reduction in FY '84 authorized general funds will result in a reduction in the number of loans that could be made. Operation loans to existing facilities would receive highest priority and would account for \$2,968,196 of the FY '84 request. This would leave \$1,906,804 available to fund two preconstruction loans. As a result, three preconstruction loans and five new construction projects would not be funded.

50% Reduction: A 50% reduction in FY '84 authorized funds would have a drastic effect. Again, continuation of operating loans would account for \$2,968,196 leaving \$281,804 available to make approximately one capital improvement loan to an existing hatchery facility. This would mean that seven other capital improvement loans to existing facilities, five preconstruction loans, and five construction loans would not be funded.

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Fisheries Enhancement Loan Program

L-1

ADDITIONAL
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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	9-1/2%	
ESTIMATED TOTAL SUBSIDY	9,816.5	3,753.4	6,351.8	STATUTORY MAXIMUM LOAN MATURITY	30	
ESTIMATED RATE OF SUBSIDY	57.7	57.7	57.7	APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE	581.5	618.0	351.5	ESTIMATED COST OF FUNDS FOR BOND ISSUE	0	
NUMBER OF LOANS MADE	12	26	33			
VALUE OF LOANS MADE ANNUALLY	6,978.1	16,070.0	11,602.7	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES NO
VALUE OF OUTSTANDING LOANS AT FY E'D	12,474.3	19,500.0	29,737.0	IF YES, NUMBER OF YEARS:	6-10	<input checked="" type="checkbox"/> <input type="checkbox"/>
AVERAGE DELINQUENCY RATE	0	0	0	ARE INTEREST DEFERMENTS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:		
				IS LOAN FORGIVENESS ALLOWED?	6-10	<input checked="" type="checkbox"/> <input type="checkbox"/>
				Interest Only		

PROGRAM JUSTIFICATION:

Long-term, low-interest loans to qualified nonprofit corporations will enhance the development of Alaska's salmon resources, increase egg production, and create additional jobs. The measure of success of the program will be increased egg capacity due to construction of new nonprofit hatcheries and funding of operational and enhancement loans for existing nonprofit facilities.

Egg production should increase by 95 million eggs as a result of 6 new loans to be made in FY '85 for 3 new hatcheries. In addition, a total of 29 new operational and enhancement loans will be made to support existing facilities which have a combined egg capacity of 918.8 million eggs.

Financing for these projects is not available from the private sector because of the subsidized interest rates and liberal loan terms necessary to make the projects feasible. Private financial institutions cannot afford to forgive interest and forego principal payments for a six-to-ten year period, nor incur the high risk involved in these loans. It takes several years before revenue from the sale of returning fish is available to make payments.

**L-2 LOAN
PROGRAM
JUSTIFICATION**

AGENCY Commerce & Economic Development
CATEGORY Economic Development
PROGRAM Investments
TITLE Fisheries Enhancement Loan Program

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DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

Commercial Fishing Loan Act

<u>FY '84</u>	<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
9,091,000. Loans appropriation	3,500,000.	3,500,000	3,500,000.
4,372,100. Estimated carry forward			
3,182,000. Interest retained			
2,200,000. Principal repaid			

NOTE: This is a revolving loan fund, the purpose of which is to encourage and promote Alaska's commercial fishing industry and to develop a predominantly resident fishery by making low-interest, long term fishing loans.

Please refer to the Audit from OMB dated December 1983 especially pages 2 and 3, and also page 11 for a few conclusions.

TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
AS 16.10.300-370 Commercial Fishing Loan Act		Statewide		2	Paul B. Arnoldt, Director	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND	14,059.2	15,026.4	15,000.0		TOTAL APPROPRIATIONS	51,791.0
TOTAL APPROPRIATIONS AND REQUESTS	9,400.0	9,091.0	3,500.0		TOTAL INTEREST RETAINED	7,209.4
1002 FEDERAL RECEIPTS	0	0	0		TOTAL BONDS ISSUED	N/A
1004 GENERAL FUNDS	9,400.0	9,091.0	3,500.0		BONDS AUTHORIZED BUT NOT ISSUED	N/A
1028 PROGRAM RECEIPTS	0	0	0		TOTAL PROGRAM FUNDING	
GENERAL OBLIGATION BONDS	0	0	0		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85?	\$612.8
OTHER	0	0	0		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	None
TOTAL OTHER PROGRAM FUNDING	9,031.3	9,754.1	11,500.0			
ESTIMATED CARRY FORWARD BALANCE	5,004.4	4,372.1	3,818.7			
INTEREST RETAINED	2,023.4	3,182.0	4,130.3			
PRINCIPAL REPAYED	2,003.5	2,200.0	3,551.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

Description: This is a revolving loan fund which means that, as payments are collected, then those funds become available to be lent out to new borrowers. Interest accrues from the date of the loan and is generally payable on an annual basis.

Under Section A (AS 16.10.310), loans may be made for the purchase of limited entry permits. The maximum loan amount is \$300,000; the maximum maturity is 15 years and the interest rate is 10-1/2%. Limited entry permits are required for several fisheries and are expensive to purchase. Since only two entities (the Department of Commerce and Economic Development and the Commercial Fishing and Agriculture Bank) can legally take limited entry permits as collateral, Alaskan fishermen rely on these programs to assist them in purchasing permits. Currently, CFAB is not making loans for the purchase of permits and, thus, the State provides the only active source of permit financing.

**L-1 LOAN
PROGRAM
DESCRIPTION**

AGENCY Commerce & Economic Development
CATEGORY Economic Development
PROGRAM Investments
TITLE Commercial Fishing Loan Act

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(Description continued)

Under Section B (individuals) and Section C (partnership and corporations), loans may be made to commercial fishermen who do not have alternative sources of financing available to them for the purchase of limited entry permits, and the purchase or upgrading of commercial fishing vessels and gear. The maximum loan amount is \$100,000; the maximum maturity is 15 years and the interest rate is 10-1/2%.

25% Reduction: A 25% reduction in FY '84 authorized general funds will result in a corresponding reduction of 75 loans that could have been made. Since permit lending is limited primarily to the State, permit financing will become the State's top priority. As a result, 75 loans for the purchase, construction or upgrading of commercial fishing vessels and gear under Section B cannot be made.

50% Reduction: A 50% reduction in FY '84 authorized general funds will result in a corresponding reduction of 150 loans that could have been made. Again, permit financing will become the State's top priority. As a result, no loans can be made for the purchase, construction or upgrading of commercial fishing vessels and gear under Section B, and approximately 25 loans for the purchase of limited entry permits under Section A cannot be funded.

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments

COMPONENT Commercial Fishing Loan Act

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ADDITIONAL
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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	10.5%	
ESTIMATED TOTAL SUBSIDY	740.8	740.5	275.8	STATUTORY MAXIMUM LOAN MATURITY	15 yrs.	
ESTIMATED RATE OF SUBSIDY	7.9	7.9	7.9	APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE	50.0	50.0	50.0	ESTIMATED COST OF FUNDS FOR BOND ISSUE	0	
NUMBER OF LOANS MADE	281	300	300	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES NO
VALUE OF LOANS MADE ANNUALLY	14,059.2	15,026.4	15,000.0	IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
VALUE OF OUTSTANDING LOANS AT FY END	41,439.7	53,000.0	64,290.0	ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE	13.2%	15.0%	10.0%	IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION:

The purpose of the loan fund is to encourage and promote Alaska's commercial fishing industry and to develop a predominantly resident fishery by making low-interest, long-term fishing loans. Section A authorizes financing of limited entry permits and is presently the only active source of funding for permits. Section B authorizes financing of permits, vessels and gear for commercial fishermen who, because of marginal earnings and credit history, cannot obtain financing from private lending institutions. Low-interest, long-term fishing loans with relaxed credit requirements would assure continuation of current lifestyles for many Alaskans and will help to retain limited entry permits in rural Alaska. The current loan subsidy should help to promote one of Alaska's main revenue resources as well as reduce the financial aid given to rural and coastal Alaskan fishing communities through the Departments of Labor and Health & Social Services.

Expected economic benefits will be seen in the growth of Alaska's fishing industry, by creating direct jobs, and by assisting in maintaining the percentage of Alaskans holding limited entry permits. The loan program strengthens and diversifies Alaska's economic base by supporting a self-sustaining, private economic base in rural and coastal Alaska.

**L-2 LOAN
PROGRAM
JUSTIFICATION**

AGENCY Commerce & Economic Development
CATEGORY Economic Development
PROGRAM Investments
TITLE Commercial Fishing Loan Act

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DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
Alternative Technology & Energy Revolving Loan Fund

<u>FY '84</u>	<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
2,400,000. Loans appropriation	5,100,000.	5,100,000.	2,400,000.
1,025,900. Estimated carry forward			
575,000. Interest retained			
921,300. Principal repaid			

NOTE: It is estimated by the agency that loan demands will use all available funding in the current year. The biggest demand in the Spring is for Solar type projects.

A management analyst has been hired in the Dept. to address the regulations in both the Commercial fishing program and the Energy programs.

TITLE		LOCATION			AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
AS 45.88.010-500 Alternative Technology and Energy Revolving Loan Fund		Statewide			3	Paul B. Arnoldt, Director	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)		TOTAL
TOTAL ANNUAL LOAN DEMAND	4,591.8	4,922.2	6,881.3		TOTAL APPROPRIATIONS		14,035.4
TOTAL APPROPRIATIONS AND REQUESTS	4,000.0	2,400.0	5,100.0		TOTAL INTEREST RETAINED		760.0
1002 FEDERAL RECEIPTS	0	0	0		TOTAL BONDS ISSUED		N/A
1004 GENERAL FUNDS	4,000.0	2,401.0	5,100.0		BONDS AUTHORIZED BUT NOT ISSUED		N/A
1028 PROGRAM RECEIPTS	0	0	0		TOTAL PROGRAM FUNDING		
GENERAL OBLIGATION BONDS	0	0	0		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85?		
OTHER	0	0	0		\$420.5		
TOTAL OTHER PROGRAM FUNDING	1,617.7	2,522.2	1,781.3		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?		
ESTIMATED CARRY FORWARD BALANCE	512.7	1,025.9	0		None		
INTEREST RETAINED	389.3	575.0	620.0				
PRINCIPAL REPAYED	715.7	921.3	1,161.3				

DESCRIBE THE PROGRAM AND EXPLAIN IM/PCTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

Description: AS 45.88.010-500 authorizes making loans for energy production utilizing energy sources other than fossil or nuclear fuel. The maximum loan amount is \$30,000; the maximum maturity is 20 years and the interest rate is 5% for the first \$15,000 of the loan and 15% for the amount of the loan that exceeds \$15,000. This is a revolving loan fund which means that, as payments are collected, then those funds become available to be lent out to new borrowers. Interest accrues from the date of the loan and is generally payable on a monthly basis. Loan projects will emphasize the use of renewable energy resources within the State as opposed to nonrenewable resources. These loans will promote economic development in the alternative energy industry and the construction industry.

25% Reduction: A 25% reduction in FY '84 authorized general funds will result in a corresponding reduction of 188 loans that could have been made. Lending priorities that emphasize wood stoves, multi-fuel furnaces, wind and hydroelectric systems as top priorities would be established. This will result in a reduction in passive energy systems such as solar heating units and solar sunspaces.

**L-1 LOAN
PROGRAM
DESCRIPTION**

AGENCY Commerce & Economic Development
CATEGORY Economic Development
PROGRAM Investments
Alternative Technology and
Energy Revolving Loan Fund
TITLE

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(Description continued)

50% Reduction: A 50% reduction in FY '84 authorized general funds will result in a corresponding reduction of 375 loans that could have been made. Again, woodstoves, multi-furnaces, wind and hydro-electric systems would be identified as top priorities. These loans will be in lieu of other types of energy loans.

AGENCY Commerce & Economic Development

PROGRAM Economic Development

BRU Investments
Alternative Technology and
Energy Revolving Loan Fund

COMPONENT

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ADDITIONAL
EXPLANATION
FORM

OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	5% up to \$15,000 15% over \$15,000		
	1,453.2	871.9	1,852.9	STATUTORY MAXIMUM LOAN MATURITY	20		
	36.3	36.3	36.3	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
	9.2	9.2	9.2	ESTIMATED COST OF FUNDS FOR BOND ISSUE	0		
	503	535	750	ARE PRINCIPAL DEFERMENTS ALLOWED?			
	4,591.8	4,922.2	6,881.3	IF YES, NUMBER OF YEARS:	YEARS	YES	NO
	9,844.4	13,125.0	19,087.0	ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	11.1%	9.8%	7.5%	IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION:

The purpose of the loan fund is to encourage the use of renewable energy resources within Alaska and limit Alaska's dependence on nonrenewable resources. Recognizing that it takes several years to achieve substantial energy savings, a long-term, low-interest loan program was established. Although some funding is available through private lending institutions, this funding is at a higher interest rate and under stricter terms.

Long-term, low-interest loans make alternative energy projects attractive to homeowners. Energy planning and development is a goal of the State; therefore, alternative energy projects should be encouraged through State loan subsidies.

Expected economic benefits will be seen through a decrease in the number of power projects required to supply the State's energy needs and a decrease in the State's dependence on oil and gas. Subsidizing renewable energy projects now is money which will reduce the long-term costs of additional power projects and the dependency of the State on fossil fuel.

Some of the types of loans being made under this program that have shown to be cost-effective are catalytic woodstoves, multi-fuel furnaces, wind generators and hydroelectric systems. Solar heating units and solar sunspaces are not proving to be as cost effective as these other types of energy loans.

**L-2 LOAN
PROGRAM
JUSTIFICATION**

AGENCY Commerce & Economic Development

CATEGORY Economic Development

PROGRAM Investments

TITLE Alternative Technology and
Energy Revolving Loan Fund

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ALASKA POWER AUTHORITY
Rural Electrification Revolving Loan Fund

*(Amend bill to cover
relocation of utilities)*

<u>FY '84</u>	<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
1,000,000. Capital Funds	1,000,000.	1,000,000.	1,000,000.
1,997,900. Estimated carry forward			
2,304,688. Capital expenditures as of January 17, 1984			

NOTE: This Loan fund was created by the 1981 Legislature and funded by a \$6.5 million appropriation in FY '81.

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
	Rural Electrification Revolving Loan Fund	State-wide	FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL	1,000.0	
	Power Project Fund	Seward	FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL	15,000.0	
	Power Project Fund	Homer	FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL	11,000.0	
	Power Project Fund	Craig-Klawock	FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL	1,110.0	
			FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL		
			FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL		

AGENCY Department of Commerce, Alaska
Power Authority

**A-3 AGENCY
LOAN
PROGRAM**

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TITLE Rural Electrification Revolving Loan Fund		LOCATION State-wide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Alaska Power Authority 276-0001	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND	6,500.0	1,000.0	1,000.0		TOTAL APPROPRIATIONS	
TOTAL APPROPRIATIONS AND REQUESTS	6,500.0	1,000.0	1,000.0		TOTAL INTEREST RETAINED	
1002 FEDERAL RECEIPTS	-	-	-		TOTAL BONDS ISSUED	
1004 GENERAL FUNDS	6,500.0	1,000.0	1,000.0		BONDS AUTHORIZED BUT NOT ISSUED	
1028 PROGRAM RECEIPTS	-	-	-		TOTAL PROGRAM FUNDING	
GENERAL OBLIGATION BONDS	-	-	-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? \$25,000 INCLUSIVE OF TRAVEL, PERSONNEL SERVICES AND PER DIEM	
OTHER	-	-	-		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
TOTAL OTHER PROGRAM FUNDING	-	-	-		-0-	
ESTIMATED CARRY FORWARD BALANCE	4,392.4	1,997.9	-			
INTEREST RETAINED	0	0	-			
PRINCIPAL REPAYED	0	0	-			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

The Rural Electrification Revolving Loan Fund serves the purpose of assisting electric utilities to extend new electric service into unserved areas of the State. Loans must be approved by the Alaska Power Authority which is assisted by a loan advisory committee made up of local residents of the area served by the applicant utility. The utility to be considered for a loan extension must initially extend service to at least three new customers. Loans are made a 2 percent interest, with principal to be repaid as future service connections are added to the extension. In no case may the term of the loan exceed 20 years.

**L-1 LOAN
PROGRAM
DESCRIPTION**

AGENCY Department of Commerce-Alaska Power Authority
 CATEGORY Power Development
 PROGRAM Energy Development
 TITLE Rural Electrification Revolving
Loan Fund

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<u>FISCAL YEAR 1982 APPROPRIATION:</u>	\$6,500,000.00
<u>FISCAL YEAR 1984 APPROPRIATION:</u>	1,000,000.00

Iliamna - Newhalen Electric Coop.	1,340,000.00
	230,202.00
Andreanof Electric Corporation	200,000.00
Expenditures to date	<u>\$1,770,202.00</u>
Loans in Process - Completion in 30-60 days:	
City of Unalaska	\$1,560,486.00
City of Unalaska	250,000.00
Egegik Light and Power Co.	130,000.00
Yakutat Power Line	134,000.00
	<u>\$2,074,486.00</u>
Other Loans in Process:	
Matanuska Electric Association	\$ 720,000.00
Homer Electric Association	87,418.64
	<u>\$ 807,418.64</u>
Total Amount of Loans in Process to Date	2,881,904.64
Remaining Fund Balance to Date	\$2,847,893.36

Impact of a twenty-five and fifty percent reduction of the FY 1984 authorized budget request would influence the rural communities and utilities on a direct basis. Should such a reduction occur further restrictions regarding the size of the loans would be necessary, a clear cut analysis as to the urgency of the loan would have to be prepared, and strengthening of the definition for which the proceeds of the loan could be utilized.

AGENCY Department of Commerce-Alaska Power Authority

PROGRAM Energy Development

BRU _____

COMPONENT Rural Electrification Revolving Loan Fund

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ADDITIONAL EXPLANATION FORM

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	2%	
ESTIMATED TOTAL SUBSIDY	-	-	-	STATUTORY MAXIMUM LOAN MATURITY	20 years	
ESTIMATED RATE OF SUBSIDY	10%	10%	10%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE	590.9	519.0	-	ESTIMATED COST OF FUNDS FOR BOND ISSUE		
NUMBER OF LOANS MADE	3	6	-	ARE PRINCIPAL DEFERMENTS ALLOWED? YEARS YES NO		
VALUE OF LOANS MADE ANNUALLY	1,770.2	2,881.9	-	IF YES, NUMBER OF YEARS:	_____	<input checked="" type="checkbox"/> <input type="checkbox"/>
VALUE OF OUTSTANDING LOANS AT FY END	1,770.2	2,881.9	-	ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE	-	-	-	IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION:

This Loan fund was created by the 1981 Legislature in Section 1, Chapter 118; SLA 1981. It was funded by a \$6.5 million appropriation in FY 81. Over 10 million dollars in letters of interest were received by the Alaska Power Authority concerning this loan program. Loans can only be made to certificated electric utilities for loans to extend transmission and distribution lines to bring central generation service to a minimum of three new customers. Loans have a minimum of 5 percent up to a 25 percent Revenue Bond Buyer Index. Loans have to be repaid within twenty years.

Need for the Project This loan fund was created to provide low cost financing for the extension of electric service lines into rural areas for utilities which do not have access to the Rural Electrification Administration (REA) loan programs and for REA utility borrowers which are experiencing difficulty in obtaining REA loans due to federal cutbacks in the REA program. Utilities cannot extend service into new areas because the costs would impact rates significantly for the for the utilities existing customers unless the potential new customers can guarantee payments to the utility to repay the investment cost of the new service line extensions. Most customers in new rural subdivisions cannot afford the out front financial obligations imposed by utilities in order to extend new service. This situation continues from year to year until a new rural area is sufficiently developed to permit the utility and the new customers to come to agreement on the merits of a line extension.

AGENCY Department of Commerce-Alaska Power Authority

CATEGORY _____

PROGRAM Energy Development

TITLE Rural Electrification Revolving Loan Fund

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FY85

L-2 LOAN PROGRAM JUSTIFICATION

. 000014

ALASKA POWER AUTHORITY

Power Projects Fund

<u>FY '84</u>		<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
-0-	Seward	15,000,000.	-0-	-0-
-0-	Homer	11,000,000.	-0-	-0-
-0-	Craig - Klawock	1,110,000.	1,110,000.	

AK
 AK → R.H.
 T.H.
 Timber corp
 AK power corp

NOTE: This request for the Criag - Klawock project would supplement insufficient funds of \$750,000 appropriated by the 1981 Legislature. It is anticipated that it will be sufficient to complete the project.

TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Power Project Loan Fund		Seward			Alaska Power Authority 276-0001	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND			15,000.0		TOTAL APPROPRIATIONS	-
TOTAL APPROPRIATIONS AND REQUESTS			15,000.0		TOTAL INTEREST RETAINED	-
1002 FEDERAL RECEIPTS			-		TOTAL BONDS ISSUED	-
1004 GENERAL FUNDS			15,000.0	<i>e</i>	BONDS AUTHORIZED BUT NOT ISSUED	-
1028 PROGRAM RECEIPTS			-		TOTAL PROGRAM FUNDING	-
GENERAL OBLIGATION BONDS			-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? Approximately \$1,000 dollars	
OTHER			-		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES? None	
TOTAL OTHER PROGRAM FUNDING			-			
ESTIMATED CARRY FORWARD BALANCE			-			
INTEREST RETAINED			-			
PRINCIPAL REPAYED			-			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

City of Seward

Historical kW demand and kWh consumption information was obtained from utility records and from previous engineering studies. This information indicates that consumption grew at an annual rate of 10 percent per year from 1967 through 1981. Data for the first 6 months of 1983 indicates that consumption in 1983 will probably be about 12 percent above 1982.

Peak demand grew at an average rate of 10.6 percent from 1967 through 1978, experienced an unusually high value of 6697 kW in 1979, and has remained at slightly above 5000 kW since 1980. Since 1980, demand has been relatively stable, growing at less than 5 percent per year. It is most probable that the 1982 peak will be in the range of 5200-5600 kW. It should be noted that the indicated peak load values are at the CEA metering point at Lawing. Seward generators are used to shave the peak, therefore peak load values are actually higher than the indicated values by an unknown amount.

**L-1 LOAN
PROGRAM
DESCRIPTION**

AGENCY ~~Department of Commerce-Alaska Power Authority~~
 CATEGORY Power Development
 PROGRAM Energy Development
 TITLE Power Projects Loan Fund

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Seward is experiencing approximately 20 percent system energy loss. The losses appear to be split approximately evenly between the distribution system and the 24.9 kV transmission system. At the present wholesale rate of 2.5¢/kWh, the losses in the transmission system have a real cost of \$64,000 per year. The cost of these losses will increase many fold during the next few years as a result of increased consumption and wholesale rate increases. The improvements will represent a cost which is made necessary by the requirement to maintain acceptable system voltages. Seward does not have the financial capabilities to acquire these funds on the bond market without a substantial increase in the cost of power.

34 miles 115kV line at \$400,000/m	\$13,600,000
20 mVa 114kV substation at Seward	200,000
115 kV tap at Daves Creek	100,000
Local 12.5 or 24.9 kV underbuild	240,000
Contingencies	<u>860,000</u>
TOTAL	\$15,000,000

Should Seward receive 75 percent of the Power Project Loan Request, the "Project" would have to be scoped down to 24 miles of 115 kV line. Seward in this case would still be experiencing a 15 percent system energy loss.

Should Seward receive 50 percent of the Power Project Loan Request the "Project" would have to be scoped down to 17 miles of 115 kV line. Seward in this case would still be experiencing a 10 percent system energy loss.

AGENCY Department of Commerce-Alaska Power Authority

PROGRAM Energy Development

BRU _____

COMPONENT Power Projects Loan Fund

FY85

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L-1
ADDITIONAL EXPLANATION FORM

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	9/9/83	10.70%
ESTIMATED TOTAL SUBSIDY				STATUTORY MAXIMUM LOAN MATURITY	20 years	
ESTIMATED RATE OF SUBSIDY	1.30			APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE	2,500.0			ESTIMATED COST OF FUNDS FOR BOND ISSUE		
NUMBER OF LOANS MADE	3			ARE PRINCIPAL DEFERMENTS ALLOWED?		
VALUE OF LOANS MADE ANNUALLY	7,500.0			IF YES, NUMBER OF YEARS:	YEARS	YES NO
VALUE OF OUTSTANDING LOANS AT FY END	0			ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE	0			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION:

Seward is experiencing approximately 20 percent system energy loss. These losses appear to be split between the distribution system and the 24.9 kV transmission system. At the present wholesale rate of 2.5¢/kwh, the losses in the transmission system have a real cost of \$64,000 per year. The cost of these losses will increase many fold during the next few years and a result of the increased consumption and wholesale rate increases. The improvements will represent a cost which is made necessary by the requirement to maintain acceptable voltages. Seward does not have the financial capabilities to acquire those funds on the bond market without a substantial increase in the cost of power. It should be noted that the Seward electrical system is highly inefficient and unsafe.

AGENCY Department of Commerce-Alaska Power Authority

CATEGORY Power Development

PROGRAM Energy Development

TITLE Power Projects Loan Fund

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**L-2 LOAN
PROGRAM
JUSTIFICATION**

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TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Power Project Loan Fund		Homer			Alaska Power Authority 276-0001	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND			11,000.0		TOTAL APPROPRIATIONS	-
TOTAL APPROPRIATIONS AND REQUESTS			11,000.0		TOTAL INTEREST RETAINED	-
1002 FEDERAL RECEIPTS			-		TOTAL BONDS ISSUED	-
1004 GENERAL FUNDS			11,000.0	<i>B</i>	BONDS AUTHORIZED BUT NOT ISSUED	-
1028 PROGRAM RECEIPTS			-		TOTAL PROGRAM FUNDING	-
GENERAL OBLIGATION BONDS			-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? Approximately \$1,000 dollars	
OTHER			-			
TOTAL OTHER PROGRAM FUNDING			-		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE			-			
INTEREST RETAINED			-			
PRINCIPAL REPAYED			-			
DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:						
<p>In 1973, Homer Electric Association, Inc., received ownership and operation of an electrical system within the City of Kenai. This system now provides service to approximately 2,300 residents. Since the original system was not designed to provide service to this number of residents, it has become apparent that deficiencies and overloaded conditions exist throughout this electrical distribution system. Homer Electric Association has experienced problems in protection of equipment and personnel, and it has also experienced problems in maintaining proper voltage levels to the residents. Homer Electric Association, Inc., at this time does not have the necessary bonding capacity to re-work the system without an excessive cost of power increase.</p> <p>In order to bring the Homer Electric Association, Inc., inadequate facilities up to present standards, Homer Electric Association has reviewed the cost of replacing the electrical distribution system within the City of Kenai with another electrical system that would be capable of providing safe and efficient service to all consumers in the City of Kenai. The anticipated cost of this replacement would be \$11,000,000.00</p>						

L-1 LOAN PROGRAM DESCRIPTION

AGENCY Department of Commerce-Alaska Power Authority

CATEGORY _____

PROGRAM Energy Development

TITLE Power Projects Loan Fund

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00001E

**KENAI DISTRIBUTION SYSTEM
Initial Cost Estimate**

1.	Conversion of 6 miles of 33KV to 69KV (re-insulate and re-conductor)	\$ 606,000
2.	Replacement of 3.79 miles of underground 3-phase cable (under 25KV rating)	270,000
3.	Replacement of 23.7 miles of underground 1-phase cable (under 25KV rating)	968,000
4.	Replacement of 80.5 miles of overhead conductor:	
	40 percent with overhead	528,000
	60 percent with underground	1,862,000
5.	Replacement of poles (1536 x 40 percent)	477,000
6.	Replace of underground secondary (9.8 miles exist, and 60 percent of 7.9 miles converted) 14.6 miles	671,000
7.	Replacement of overhead secondary (4 percent of 7.95 miles)	53,000
8.	Replacement of 600 overhead transformers	346,000
9.	Replacement of 200 underground transformers	465,000
10.	Miscellaneous:	
	Guys	130,000
	Conduit	131,000
	1-phase meters	67,500
	3-phase meters	10,000
11.	Construction of KDS substation	350,000
12.	Property for above substation	50,000
		\$11,000,000
	Subtotal	\$6,984,500
	Engineering	1,995,350
	Contingency	2,020,150
	TOTAL	\$11,000,000

Should Homer Electric Association, Inc., receive 75 percent of the Power Project Loan Request, the "Project" would have to be scaled down relative to the replacement of 2 miles of underground 3-phase cable,

AGENCY Department of Commerce-Alaska Power Authority

PROGRAM Energy Development

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COMPONENT Power Projects Loan Fund

L-1	ADDITIONAL EXPLANATION FORM
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replacement of 12 miles of underground 1-phase cable, 40 miles of overhead conductor, and 14 miles underground secondary replacement.

Should Homer Electric Association, Inc., receive 50 percent of the Power Project Loan Request, the "Project" would have to be scaled down to the replacement of 3 miles of 33KV and 60KV conversion, replacement of 2 miles of underground 3-phase cable, replacement of 12 miles of underground 1-phase cable, 40 miles of overhead conductor, 800 poles, 21 miles of underground secondary cable, replacement of only one-half of the transformers required and elimination of the required KDS substation.

AGENCY Department of Commerce-Alaska Power Authority

PROGRAM Energy Development

BRU _____

COMPONENT Power Projects Loan Fund

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L-1
ADDITIONAL
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FORM

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	9/9/83	10.7%	
				STATUTORY MAXIMUM LOAN MATURITY	20 years		
	1.30			APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
	2,500.0			ESTIMATED COST OF FUNDS FOR BOND ISSUE	-		
	3			ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
	7,500.0			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	0			ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	0			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
			IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	

PROGRAM JUSTIFICATION:

The Homer Electric Association System now provides service to approximately 2,300 residents. Since the original system was not designed to provide service to this number of residents, it has become apparent that deficiencies and overloaded conditions exist throughout this electrical distribution system. H.E.A. has experienced problems in maintaining proper voltage levels to its residents. System losses at present time are approximately 20 percent. Homer Electric Association, Inc., at this time does not have the necessary bonding capacity to re-work the system without an excessive cost of power increase. It should be noted that the system is highly inefficient and unsafe.

L-2 LOAN PROGRAM JUSTIFICATION

AGENCY Department of Commerce-Alaska Power Authority
CATEGORY Power Development
PROGRAM Energy Development
TITLE Power Projects Loan Fund

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TITLE		LOCATION			AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
Craig-Klawock Intertie		Craig, Klawock				Alaska Power Authority 276-0001	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)		TOTAL
TOTAL ANNUAL LOAN DEMAND					TOTAL APPROPRIATIONS		
TOTAL APPROPRIATIONS AND REQUESTS					TOTAL INTEREST RETAINED		
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED		
1004 GENERAL FUNDS			1,110.0	1,110.0	BONDS AUTHORIZED BUT NOT ISSUED		
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING		
GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85?		
OTHER					\$1,000 Administrative Costs		
TOTAL OTHER PROGRAM FUNDING					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?		
ESTIMATED CARRY FORWARD BALANCE					-0-		
INTEREST RETAINED							
PRINCIPAL REPAYED							

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

The Craig - Klawock Intertie would consist of a 6 mile wood-pole line between Craig and Klawock, and two step up - step down transformers to convert the 69 kV voltage to the local utility system voltage in Klawock and Craig. This request of \$1,110,000 would supplement insufficient funds appropriated by the 1981 Legislature to construct this project. Procurement and construction could begin in the fall of 1984 and be completed by the summer of 1985.

L-1 LOAN PROGRAM DESCRIPTION

AGENCY Dept. of Commerce - Alaska Power Authority
CATEGORY Power Development
PROGRAM Energy
TITLE Craig-Klawock Intertie

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	10.70%	
				STATUTORY MAXIMUM LOAN MATURITY	25 Revenue Bond Inde	
	1.30			APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
	2,500.0			ESTIMATED COST OF FUNDS FOR BOND ISSUE	0	
	3			ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES NO
	7,500.0			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
	0			ARE INTEREST DEFERMENTS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>
	0			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION
 In addition, a lumber mill near Klawock occasionally burns wood waste in a 2 mw steam plant and has a surplus available when the main shifts at the mill are over. Since the steam plant must run 24 hours per day when in operation, it could send energy to both Craig and Klawock in the evenings and on weekends. This line could also serve as a transmission pathway for the Black Bear Lake project energy when that project comes in service.

Construction costs estimates are based upon route reconnaissance conducted for the Black Bear Lake project and are estimated as follows:

6 miles of 69 kv wood-pole transmission line @ \$200,000/mile	\$1,200,000	
Land rights	30,000	\$1,860,000 Total Cost
2 transformer substations @ 235,000 each	470,000	750,000 1981 Appropriation
	\$1,700,000	\$1,110,000
Design and specifications	\$ 65,000	
Construction management personnel and overhead	95,000	
Total Cost	\$1,860,000	

AGENCY Dept. of Commerce - Alaska Power Authority

CATEGORY Power Development

PROGRAM Energy

TITLE Craig-Klawock Intertie

**L-2 LOAN
PROGRAM
JUSTIFICATION**

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	10.70%		
				STATUTORY MAXIMUM LOAN MATURITY	25 Revenue Bond Index		
				APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
	1.30			ESTIMATED COST OF FUNDS FOR BOND ISSUE	0		
	2,500.0						
	3			ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
	7,500.0			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	0			ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
0			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
			IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	

PROGRAM JUSTIFICATION: Craig and Klawock are growing commercial and residential centers on the west coast of Prince of Wales Island. 1983 population was 905 in Craig and about 490 in Klawock. Since 1981 the Craig population has increased by nearly 300 people and Klawock population has increased by about 100 people. New high schools were put in service in Craig and Klawock in 1982 and 1983 respectively thus adding to the public facility electrical needs. Klawock is served by the Tlingit-Haida Regional Electric Authority which charges an unsubsidized retail rate of 38.8¢/kwh. Alaska Power and Telephone serves Craig and recently requested a rate increase to 27.3¢/kwh. Both utilities are entirely dependent upon diesel generation and must maintain sufficient installed capacity to cover their peak loads. The 1982 installed capacity in Craig was 840 Kw and in Klawock was 1615 Kw to cover the respective peak loads of 630 Kw and 300 Kw. Firm utility diesel capacity in Craig was 540 Kw and in Klawock was 1115 Kw. In 1983, Alaska Power and Telephone was planning to add an additional diesel unit in Craig to cover anticipated winter 1983 peak demand.

An interconnection would allow more efficient use of installed diesel capacity in both systems and enable a deferral of new diesel investment since reserves could be shared. This would result in a savings to consumers through deferral of rate increases to cover new capacity costs.

AGENCY Dept. of Commerce - Alaska Power Authority

CATEGORY Power Development

PROGRAM Energy

TITLE Craig-Klawock Intertie

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**L-2 LOAN
PROGRAM
JUSTIFICATION**

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	10.70%		
				STATUTORY MAXIMUM LOAN MATURITY	25 Revenue Bond Ind.		
	1.30			APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
	2,500.0			ESTIMATED COST OF FUNDS FOR BOND ISSUE	0		
	3			ARE PRINCIPAL DEFERMENTS ALLOWED?			
	7,500.0			IF YES, NUMBER OF YEARS:	YEARS	YES	NO
				ARE INTEREST DEFERMENTS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
			IF YES, NUMBER OF YEARS:		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
			IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	

PROGRAM JUSTIFICATION:
 Section 3, Chapter 9, SLA 81 appropriated \$750,000 for the Craig-Klawock Intertie.
 Cost assumptions for operating are based upon \$2100/mile for 6 miles of transmission system to cover annual inspection, brushing, and incidental replacement.
 Operations and Maintenance would be contracted to one of the local utilities with wheeling fees charged to cover operations and maintenance.

AGENCY Dept. of Commerce - Alaska Power Authority

CATEGORY Power Development

PROGRAM Energy

TITLE Craig-Klawock Intertie

**L-2 LOAN
PROGRAM
JUSTIFICATION**

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FY85

000025

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

POUCH FP
JUNEAU, ALASKA 99811
PHONE: (907) 465-2854

MEMORANDUM

TO: Peter McDowell, Director
Office of Management and Budget

FROM: Kerry D. Romesburg, Executive Director
Alaska Commission on Postsecondary Education

SUBJECT: FY85 Student Loan Fund Budget Request

DATE: October 17, 1983

The attached loan budget submission represents the Commission's formal budget proposal adopted unanimously at the regularly scheduled meeting of October 1, 1983.

Enclosure

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
85-1	ALASKA STUDENT LOAN PROGRAM	STATEWIDE	FEDERAL FUNDS GENERAL FUNDS OTHER:	500.0 68450.0 68950.0	
			FEDERAL FUNDS GENERAL FUNDS OTHER:		
			FEDERAL FUNDS GENERAL FUNDS OTHER:		
			FEDERAL FUNDS GENERAL FUNDS OTHER:		
			FEDERAL FUNDS GENERAL FUNDS OTHER:		
			FEDERAL FUNDS GENERAL FUNDS OTHER:		
			FEDERAL FUNDS GENERAL FUNDS OTHER:		

AGENCY COMMISSION ON POSTSECONDARY EDUCATION (ACPE)

**A-3 AGENCY
LOAN
PROGRAM**

FY85

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Revised Date

TITLE		LOCATION			AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
ALASKA STUDENT LOAN PROGRAM		STATEWIDE			85-1	PAUL GUI.YAS	465-2854
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)		TOTAL
TOTAL ANNUAL LOAN DEMAND	55007.4	68441.9	80379.6		TOTAL APPROPRIATIONS	197350.1	
					TOTAL INTEREST RETAINED	4405.7	
TOTAL APPROPRIATIONS AND REQUESTS	52936.1	60050.0	68950.0		TOTAL BONDS ISSUED	--	
1002 FEDERAL RECEIPTS	986.1	850.0	500.0		BONDS AUTHORIZED BUT NOT ISSUED	--	
1004 GENERAL FUNDS	52000.0	60000.0	68450.0		TOTAL PROGRAM FUNDING	201755.8	
1028 PROGRAM RECEIPTS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? SL1 = 2139.7 SL2 = 2071.2 SL4 = 2859.6		
GENERAL OBLIGATION BONDS					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES? None		
OTHER							
TOTAL OTHER PROGRAM FUNDING	6746.4	12317.0	12429.4				
ESTIMATED CARRY FORWARD BALANCE	2138.3	* 4725.1	1500.0				
INTEREST RETAINED	730.2	1203.3	1732.3				
PRINCIPAL REPAYED	3877.9	6388.6	9197.1				

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

The Alaska State Student Loan Program permits qualified residents of Alaska (two-year minimum residency) to receive up to \$6,000/year for undergraduate study or \$7,000/year for graduate study for up to eight years (five years maximum of undergraduate or graduate) to attend institutions that are accredited by recognized accrediting agencies. Loans carry 5% simple interest and ten year payback terms. If a student elects to return to Alaska and reside here upon completion of studies, up to 50% of the principal and interest may be forgiven. See continuation sheets for history and projections.

* The 4725.1 carry forward balance for FY 84 was directly related to the good standing requirement implemented during FY 83. This requirement resulted in the unexpected return of a large number of student loan warrants during the year. We have no reason to believe that a carry over consistent with FY 84 will continue into FY 85. Therefore, we have estimated a realistic carry forward balance of 1500.00 for FY 85.

L-1 LOAN PROGRAM DESCRIPTION

AGENCY ACPE
 CATEGORY EDUCATION
 PROGRAM ADULT & POSTSECONDARY
 TITLE STUDENT LOAN REVOLVING FUND

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TABLE I

STUDENT FINANCIAL AIDS ADMINISTRATION
STATE STUDENT LOAN ACTIVITY
Projected to 1988-89

Year	Loan Awards	Loan Volume	Cumulative Total	Average Loan	Loan Collections	Federal Funds	Cancellations	General Fund
1971-72	1,081	\$ 1,603,158	\$ 1,603,158	\$1,483	\$ -0-	\$ -0-	\$ -0-	\$ 1,603,158
1972-73	1,748	2,870,384	4,473,542	1,642	-0-	-0-	-0-	2,870,384
1973-74	1,665	2,986,176	7,459,718	1,793	-0-	-0-	-0-	2,986,176
1974-75	1,457	2,659,307	10,119,525	1,826	235,476	-0-	703	2,424,331
1975-76	1,719	3,382,997	13,502,522	1,968	465,530	-0-	44,233	2,977,467
1976-77	1,921	3,850,507	17,353,029	2,004	1,141,461	-0-	64,746	2,709,046
1977-78	2,265	4,604,167	21,957,196	2,033	1,191,851	-0-	314,306	3,412,316
1978-79	2,795	6,416,402	28,373,598	2,296	1,391,643	-0-	445,985	5,024,758
1979-80	3,918	9,373,949	37,747,547	2,393	1,603,436	-0-	409,501	7,770,513
1980-81	6,460	15,957,717	53,705,264	2,475	2,225,388	-0-	555,494	13,732,329
1981-82	9,898	40,559,499	94,264,763	4,098	2,779,900	1,000,000	785,769	36,819,599
1982-83	13,058	55,007,395	149,272,158	4,213	4,609,051	1,200,000	(846,028)	49,198,344
1983-84*	14,800	68,441,895	217,714,053	4,600	7,591,895	850,000	2,311,210	60,000,000
1984-85	16,404	80,379,600	298,093,653	4,900	10,929,389	500,000	3,101,116	68,950,211
1985-86	17,693	99,080,800	397,174,453	5,600	14,755,178	350,000	4,233,108	83,975,622
1986-87	17,894	105,574,600	502,749,053	5,900	19,400,405	225,000	5,604,037	85,949,195
1987-88	17,178	102,209,100	604,958,153	5,950	24,147,464	150,000	7,016,459	77,911,636
1988-89	15,212	90,511,400	695,469,563	5,950	28,447,628	65,000	8,304,299	61,998,772

*1983-84 through 1988-89 are projections

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AGENCY ACPEPROGRAM ADULT & POSTSECONDARYBRU STUDENT LOAN REVOLVING FUND

COMPONENT _____

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ADDITIONAL
EXPLANATION
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TABLE II

STUDENT FINANCIAL AIDS ADMINISTRATION
 Personnel Requirements
 Projected to 1988-89

Year	Loan Awards	Accounts In Repayment	Awards Staff	Repayment/ Collections	Support Staff	Part-time Staff	Total Staff	
							Full-Time	Part-Time
1971-72	1,081	0	2.0	0	0	0	2.0	0
1972-73	1,748	0	3.0	0	0	0	3.0	0
1973-74	1,665	0	3.0	0	0	1.0	3.0	1.0
1974-75	1,457	278	3.0	2.0	0	1.0	5.0	1.0
1975-76	1,719	550	3.0	4.0	0	2.0	7.0	2.0
1976-77	1,921	1,350	3.0	4.0	0	2.0	7.0	2.0
1977-78	2,265	1,500	3.0	5.0	1.0	4.0	9.0	4.0
1978-79	2,795	2,100	4.0	7.0	3.0	4.0	14.0	4.0
1979-80	3,918	3,510	4.0	9.0	5.0	0	18.0	0
1980-81	6,460	6,008	6.0	9.0	5.0	4.0	20.0	4.0
1981-82	9,898	11,156	7.0	11.0	6.0	5.0	24.0	5.0
*1982-83	13,058	15,669	13.0	18.0	17.0	8.0	48.0	8.0
1983-84	14,681	20,758	13.0	18.0	15.0	8.0	46.0	8.0*
1984-85	16,404	26,297	14.0	28.0	19.0	9.0	60.0	9.0
1985-86	17,693	31,828	15.0	33.0	21.0	10.0	69.0	10.0
1986-87	17,894	37,482	15.0	38.0	23.0	10.0	76.0	10.0
1987-88	17,178	43,323	14.0	44.0	26.0	10.0	84.0	10.0
1988-89	15,212	49,602	13.0	50.0	27.0	8.0	90.0	8.0

*Below this line are projections; staffing estimates are based upon Division Staff Formula and derived from banking and loan industry standards.

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AGENCY ACPE

CATEGORY ADULT & POSTSECONDARY

PROGRAM _____

TITLE STUDENT LOAN REVOLVING FUND

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L-1 ADDITIONAL EXPLANATION FORM

OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
	FY 83 ACTUAL <u>24685.7</u>	FY 84 AUTHORIZED	FY 85 REQUEST <u>36074.4</u>	STATUTORY LOAN RATE	5%		
ESTIMATED TOTAL SUBSIDY	25685.9	30716.7	35977.9	STATUTORY MAXIMUM LOAN MATURITY	10 yrs		
ESTIMATED RATE OF SUBSIDY	44.9	44.9	44.8	APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
AVERAGE LOAN SIZE	4.2	4.6	4.9	ESTIMATED COST OF FUNDS FOR BOND ISSUE	-0-		
NUMBER OF LOANS MADE	13.1	14.8	16.4	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
VALUE OF LOANS MADE ANNUALLY	55004.2	68441.9	80379.6	IF YES, NUMBER OF YEARS:	<u>1</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
VALUE OF OUTSTANDING LOANS AT FY END	132455.6	194508.9	265691.4	ARE INTEREST DEFERMENTS ALLOWED?	<u>1</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
AVERAGE DELINQUENCY RATE	9.3%			IF YES, NUMBER OF YEARS:		<input checked="" type="checkbox"/>	<input type="checkbox"/>
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		<input checked="" type="checkbox"/>	<input type="checkbox"/>

PROGRAM JUSTIFICATION:

The objective of the loan program is to permit qualified Alaskans an opportunity and choice in the pursuit of their individual educational goals that may otherwise not be available to them because of economic or proximal factors. The intangible and immeasurable benefits that accrue to the State because of its broadly and diversely educated citizens is evident through a cosmopolitanism that ameliorates the parochial view, and through the appreciation for Alaska that develops only when Alaskans can compare what they have to what exists elsewhere. The benefits of education cannot be adequately measured; however, the conditions that accompany ignorance are commonly witnessed.

AGENCY ACPE

CATEGORY EDUCATION

PROGRAM ADULT & POSTSECONDARY

TITLE STUDENT LOAN REVOLVING FUND

**L-2 LOAN
PROGRAM
JUSTIFICATION**

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AGRICULTURAL REVOLVING LOAN FUND

Ms Dean Brown

<u>FY '84</u>		<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
10,000,000.	Capital funds	12,000,000.	13,000,000.	(5,000,000.)
469,000.	Operating funds	492,200.		
11,000,000.	Estimated carry forward			
1,680,049.	Capital expenditures to December 31, 1983			
169,698.	Operating expenditures to December 31, 1983			

\$14,000M available for loans

NOTE: Capitalization of the fund was \$63.5 million on December 31st, and the current year demand may be \$33. million, as estimated by the agency.

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
	Agricultural Revolving Loan Fund	Statewide	FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL	\$12,000.0	\$13,000.0
	Grain Reserve Program	Statewide	FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL	\$3,068.0	\$1,000.0
			FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL		
			FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL		
			FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL		
			FEDERAL FUNDS GENERAL FUNDS OTHER: TOTAL		

AGENCY Department of Natural Resources

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TITLE Agricultural Revolving Loan Fund		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Dean Brown, Deputy Director 376-3276	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND		\$33,000.0	\$35,000.0		TOTAL APPROPRIATIONS	\$63,000.0
TOTAL APPROPRIATIONS AND REQUESTS	\$10,000.0	\$10,000.0	\$12,000.0		TOTAL INTEREST RETAINED	
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	0
1004 GENERAL FUNDS	\$10,000.0	\$10,000.0	\$12,000.0		BONDS AUTHORIZED BUT NOT ISSUED	0
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	
GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? 469.4	
OTHER 606 Revolving	\$ 3,000.0					
TOTAL OTHER PROGRAM FUNDING	\$13,000.0	\$10,000.0	\$12,000.0		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES? 100%	
ESTIMATED CARRY FORWARD BALANCE		\$11,000.0	0			
INTEREST RETAINED						
PRINCIPAL REPaid						

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

The program provides long-term, low-interest loans to qualified applicants throughout agricultural areas in Alaska for development capital and operating funds for farms and agricultural processing plants. Sources of credit generally available to farmers and related industries are limited in Alaska. Until such time as Alaska establishes sufficient acreage and production to become a viable low-risk industry, the Ag Revolving Loan Fund will continue to be the prime source of credit available, supplying an estimated 90-95% of all ag funding in the state.

FY 85/75% funding would create failures in the critical stage of dairy development on the Pt. MacKenzie agricultural project at a time when ag land contracts with the state require clearing and production of these parcels which will cost \$1-\$1.5 million each to develop into operating dairies within an 18-24 month period. The first of these loans have occurred during FY 83 and the remainder will be requesting loan funds in the spring and summer of 1984 (FY 84-85). Decreased funding will create a situation where either these and other new development loans must be funded or the spring planting loans must be funded. A reserve of \$5 million is being designated by the ARLF Board to meet operating loan demands, which would almost eliminate making any other types of loans than operating for that year.

**L-1 LOAN
PROGRAM
DESCRIPTION**

AGENCY Department of Natural Resources
 CATEGORY Agricultural Management
 PROGRAM Agricultural Management
 TITLE Agricultural Revolving Loan Fund

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FY 85/50% funding would create a no-growth situation in the ag industry since operating loan demands of \$5 million would be the total appropriation. Ag right contract owners with development requirements would lose their parcels due to lack of financing.

An anticipated demand of \$33,000.0 is conservatively anticipated to meet the loan requests projected upon acreage sold with required clearing and planting development contractual requirements schedules. These clearing and planting requirements must be met or farmers will have their properties foreclosed by the state and borough. Lack of necessary financing for clearing and development could have widespread consequences. Approximately 155,000 acres of state disposed agricultural lands are in various stages of development at the present time, excluding those from FY 84 sales.

Growth of the red meat processing industry is already generating demand for loans to expand existing livestock bases and with increased grain production (a 6,000 acre increase in barley production occurred in the summer of 1983) this will escalate considerably into hog and beef production as well as handling the culls from the Pt. MacKenzie dairy herds. Loan funds must be available for these areas or supporting industries (such as the grain farms and dairy farms) will suffer economic losses that could well create bankruptcies.

Agricultural development is at a critical stage where continued financing to meet the essential demands from existing agricultural production and from the newly developing parcels must be met. Failure to do so at this point will cripple the existing industry as well as seriously curtail the present agricultural expansion.

AGENCY Department of Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Agricultural Revolving Loan Fund

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**ADDITIONAL
EXPLANATION
FORM**

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATOR:	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	8%		
				STATUTORY MAXIMUM LOAN MATURITY	1 to 30 years depend on		
				APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
				ESTIMATED COST OF FUNDS FOR BOND ISSUE			
	47,191.00			ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
	164			IF YES, NUMBER OF YEARS:	1	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	7,739,323.00			ARE INTEREST DEFERMENTS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
40,136,285.00			IF YES, NUMBER OF YEARS:		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
14.60			IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	

PROGRAM JUSTIFICATION:

*Principal deferments have been allowed on less than 10 loans (660 as of 7/29/83 in resume) which were specifically designed for periods up to 18 months only as dairy farms in order to allow time for construction and generation of cash flow--repayments to occur as soon as milking begins with maximum of 18 months deferment.

Long-term low-interest loans for farming and farm processing operations has been the purpose of ARLF since its formation in 1953. Growth of the fund from \$7.0 in 1978 to \$63.0 in FY 84 has been a result of the major commitment made to agriculture by the state in disposal of ag lands and in major Ag Projects such as Delta I & II and Pt. MacKenzie. ARLF is the major source of funding for agriculture in the state, supplying 90-95% of all ag funding, in spite of attempts by the state to encourage other ag funding participation such as CPAB (which has less than 1% of its portfolio in ag loans, and they include all timber loans under that category). Long established existing farmers depend annually on ARLF for operating funds and equipment replacement monies as well as the new farms being developed. 155,000 acres of ag rights land has been disposed of and is in various stages of development required by land purchase contracts which must be financed in order to fulfill their contractual obligations. Those, plus the ag project developments in grains and dairy, are at a critical stage. Ag processing facilities for these products have been financed by either ARLF or Ag Action Council and are depending on the expanding production capacities from these developing farms. Because of the fact that both infrastructure and ag production are interdependent and being financed simultaneously, any decrease in funding at this point could create a devastating collapse of the existing ag production and marketing structure, including those well established farms.

**L-2 LOAN
PROGRAM
JUSTIFICATION**

AGENCY Department of Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Agricultural Revolving Loan Fund

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Until such time as Alaska has established sufficient acreage in production to become a low-risk industry, financing participation from the private sector will occur only for the blue-chip farmers, who when they are forced to pay the higher interest rates may well become non-competitive with neighboring farmers. Sources of such credit are quite limited to even well established farmers, although ARLF encourages joint participation in funding with private financing institutions.

Present capitalization of \$63.5 million into the revolving fund and a projected demand for \$33.0 during FY 84 indicates continued need to increase the funding available. Detailed justification based on types of production, known production costs, geographic differences, and known loan demands from development schedules will be supplied during the budget process.

AGENCY Department of Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Agricultural Revolving Loan Fund

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**ADDITIONAL
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GRAIN RESERVE PROGRAM

<u>FY '84</u>		<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
1,582,400.	Loans appropriation	3,000,000.	1,000,000	500,000.
67,600.	Operation funding			

NOTE: This is a new program created by HB 309 in the 1983 Legislative Session. There was no loan activity as of December 31, 1983, however the agency projects increased demand based on increased acreage and enthusiasm among farmers.

TITLE Grain Reserve Program		LOCATION Statewide		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT Dean Brown, Deputy Director 376-3276	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND		1,600,0	3,000,0		TOTAL APPROPRIATIONS	1,600.0
TOTAL APPROPRIATIONS AND REQUESTS		1,600,0	3,000,0		TOTAL INTEREST RETAINED	
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	
1004 GENERAL FUNDS		1,600,0	3,000,0		BONDS AUTHORIZED BUT NOT ISSUED	
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	
GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? \$68.0	
OTHER					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
TOTAL OTHER PROGRAM FUNDING					None	
ESTIMATED CARRY FORWARD BALANCE			0			
INTEREST RETAINED						
PRINCIPAL REPAYED						

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

IIB 309, sec 71, DNR, Grain Reserve Operating and Sec. 70, DNR Grain Reserve Fund was appropriated for FY 84. Since this is a new program, demand on the funding can only be assumed based on the fact that an increase of 6,000 acres was planted during the summer of 1983 bringing total barley production acreage to 13,500 acres in Delta alone (some barley is grown in the Mat Valley and more is being planted on Pt. MacKenzie). The support of this grain reserve loan program has generated enthusiasm among farmers to increase their planting of grains in the summer of 1984 (affecting loans for FY 85). The existence of this reserve creates the stability of at least having a minimum market target price and storage available.

FY 85/75% funding of the FY 84 authorized level would quite probably decrease the number of acres which might otherwise be planted, since confidence in market availability is otherwise low after state reversals of the Seward Grain Terminal Construction. Effect of a 75% funding is difficult to predict until at least December, 1983 when the utilization of the loan program can be judged based on harvest.

FY 85/50% funding of the FY 84 authorized level would quite probably be insufficient based on the anticipated participation this fall--funding would not be available to meet basic program requirements even without any increase in number of acres planted for FY 85 which we do anticipate to be as high as 30,000 acres.

L-1 LOAN PROGRAM DESCRIPTION

AGENCY Department of Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Grain Reserve Loan Program

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION			
ESTIMATED TOTAL SUBSIDY ESTIMATED RATE OF SUBSIDY AVERAGE LOAN SIZE NUMBER OF LOANS MADE VALUE OF LOANS MADE ANNUALLY VALUE OF OUTSTANDING LOANS AT FY END AVERAGE DELINQUENCY RATE OTHER PROGRAM INDICATORS	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE			
				STATUTORY MAXIMUM LOAN MATURITY	3 years		
				APPROPRIATE U.S. TREASURY INTEREST RATE	12%		
				ESTIMATED COST OF FUNDS FOR BOND ISSUE			
				ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS	YES	NO
				IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>
				ARE INTEREST DEFERMENTS ALLOWED?			
			IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
			IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>	

PROGRAM JUSTIFICATION:

This is a new loan program created by HB 309 in the 1983 legislature. The first participation in this program will occur beginning in September, 1983 and can continue throughout the winter. The amount appropriated is \$1,582.4 for the loan program and \$67.6 for operation funding which we anticipate will be sufficient for the harvest participation from this summer (impacting FY 84). Based on the number of acres planted in barley, which was about 13,500, additional funding for FY 85 is needed to meet continued demand.

Since the loan program requirements can allow up to three years for storage before repayment, operation funding to continue moisture testing, and fulfilling U.S.D.A. grain grading requirements must be funded for three successive years, as must be administration of the loans themselves which will occur through the Agricultural Revolving Loan Fund staff and the governor appointed Ag Revolving Loan Fund Board.

L-2 LOAN PROGRAM JUSTIFICATION

AGENCY Department of Natural Resources
CATEGORY Agricultural Management
PROGRAM Agricultural Management
TITLE Grain Reserve Program

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AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
85-1	Alaska Housing Finance Revolving Fund - Special Mortgage Loan Purchase Program Account	STATEWIDE	FEDERAL FUNDS		
			GENERAL FUNDS	71,000.0	71,000.0
			OTHER:		
			TOTAL	71,000.0	71,000.0
85-1	Alaska Housing Finance Revolving Fund - Mobile Home Loan Purchase Program Account	STATEWIDE	FEDERAL FUNDS		
			GENERAL FUNDS	34,000.0	34,000.0
			OTHER:		
			TOTAL	34,000.0	34,000.0
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

AGENCY ALASKA HOUSING FINANCE CORPORATION

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OFFICE OF

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**A-3 AGENCY
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BUDGET REVIEW

TITLE		LOCATION			AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT
ALASKA HOUSING FINANCE REVOLVING FUND - Special Mortgage Loan Purchase Program Account		STATEWIDE			85-1	Mark K. Cameron 276-5529
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND	1,074,939.4	1,153,000.0	1,480,000.0		TOTAL APPROPRIATIONS	807,801.0
TOTAL APPROPRIATIONS AND REQUESTS	865,000.0	986,801.0	1,446,000.0		TOTAL INTEREST RETAINED	152,181.0
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	3,870,125.0
1004 GENERAL FUNDS	105,000.0	6,801.0	71,000.0	71,000.0	BONDS AUTHORIZED BUT NOT ISSUED	(5)
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	4,813,107.0
GENERAL OBLIGATION BONDS	175,000.0	425,000.0	700,000.0		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85?	
OTHER	585,000.0	555,000.0	675,000.0		1,800 (est.)	
TOTAL OTHER PROGRAM FUNDING	691,147.9	130,000.0	160,000.0		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
ESTIMATED CARRY FORWARD BALANCE	571,289.9	92,000.0	55,000.0		100%	
INTEREST RETAINED	32,255.0	13,000.0	5,000.0			
PRINCIPAL REPAYED	(1) 84,303.0	(2) 25,000.0	100,000.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

Footnotes

- (1) Insured and Housing Mortgage Bond Program Prepayments.
- (2) Portion of prepaids per (1) used for new originations, balance used to purchase existing loans in the SAM Fund.
- (3) FY '83 Authorization exceeded actual by \$220 million and lapsed on July 1, 1983.
- (4) Retained Earnings through June 30, 1983 plus estimated interest to be received during FY'84.

See following AE3's for description.

L-1 LOAN PROGRAM DESCRIPTION

AGENCY DEPARTMENT OF REVENUE
 CATEGORY ECONOMIC DEVELOPMENT
 PROGRAM ALASKA HOUSING FINANCE CORPORATION
 TITLE AIFC REVOLVING FUND - SHLPP ACCOUNT

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SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Program Description

The largest and most comprehensive program is the Special Mortgage Loan Purchase Program. This program provides the basis for the majority of Alaska Housing Finance Corporation loans. Program loans are funded through the sale of taxable or tax-exempt bonds combined with State appropriations. These loans are available statewide through approved Seller/Serviceicers. The individual loans must be for owner-occupied single-family homes, duplexes, triplexes or four-plexes or a home improvement. Interest rates are established by the Corporation based upon Alaska Statutes. Graduated Payment Mortgages are available as well as a one (1) percent reduction in interest rate applicable to the first \$90,000 of a loan for eligible veterans on any of AHFC's programs. The following describes the existing mortgage financing programs available under the Special Mortgage Loan Purchase Program.

TAXABLE FIRST MORTGAGE PROGRAM

Program Description

The program allows individuals to purchase owner-occupied single-family and duplex residences. By Statute the loan amount and the loan-to-value ratio may not exceed the maximum limit established for Alaska by the Federal National Mortgage Association (FNMA) with the exception of loans for single-family residences which may not exceed FNMA's limit by more than 10 percent. The current limits are \$178,650 for a single-family residence, and \$207,750 for a duplex residence with loan-to-value ratios not in excess of 95 percent.

The Taxable First Mortgage Program also allows for a graduated payment mortgage called the Pledged Account Mortgage (PAM). Under this program, an individual is able to structure the repayment of the mortgage in such a manner that the initial required payments are less than that of a conventional mortgage. All mortgages allow for 5 percent annual increases to the monthly payments from the beginning of the fourth through ninth year. The entire increase is applied directly to outstanding principal thereby paying off the loan in the 16th to 18th year depending upon the mortgage rate.

Owner-Occupied triplex and four-plex financing is also available under this program as described below.

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TRIPLEX AND FOUR-PLEX MORTGAGE

Program Description

The program allows for individuals to purchase owner-occupied triplex and four-plex residences. The loan amount may not exceed the maximum limits established for Alaska by the Federal National Mortgage Association (FNMA). The current AHFC limits are \$250,800 for a triplex residence and \$311,850 for a four-plex residence with loan-to-value ratios not to exceed 90 percent.

Legislation enabling the Corporation to implement a loan purchase program for triplexes and four-plexes was enacted in June of 1982; therefore, information concerning past lending activity does not cover an extensive period.

All mortgages allow for 5 percent annual increases to the monthly payments from the beginning of the fourth through ninth year. The entire increase is applied directly to outstanding principal thereby paying off the loan in the 16th to 18th year depending upon mortgage rate.

This program is available within both the Taxable First Mortgage Program and Veterans Mortgage Program.

TAX-EXEMPT FIRST MORTGAGE LOAN PROGRAM

Program Description

Mortgage loans offered under this program are subject to regulations that have been established by the U.S. Department of Treasury. Due to restrictions of the Mortgage Bond Subsidy Tax Act of 1980, the Corporation is limited to selling \$200 million in tax-exempt bonds per year. This authorization sunsets on December 31, 1983. Restrictions are also set forth by the Treasury Department on individuals applying under this program; i.e., the residence must be the borrower's principal residence and 90 percent of the bond proceeds must go to borrowers who have not owned a home or had an interest in a home for three years prior to application. The program also limits the purchase price of the dwelling based on a percentage of the average area purchase price.

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VETERANS MORTGAGE PROGRAM

Program Description

This program was implemented in February, 1983, subsequent to Legislative and voter approval of a constitutional amendment and bonding authorization. The bonds sold to finance the program are tax-exempt pursuant to the provisions of the Mortgage Subsidy Bond Tax Act and there currently is no federal annual limit on their issuance. The proceeds may be used to finance the residence of a qualified veteran as federally defined. With the exception of certain federally imposed restrictions, this Program is identical to the Taxable First Mortgage Program.

All mortgages allow for 5 percent annual increases in the monthly payments from the beginning of the fourth through ninth year. The entire increase is applied directly to outstanding principal thereby paying off the loan in the 16th to 18th year depending upon mortgage rate.

The interest rate on the first \$90,000 of a loan is established at the rate available to veterans under the Taxable First Mortgage Program, thereby passing on the full benefit of the lower cost tax-exempt financing to the State. The result is a program with attractive mortgage rates and minimal required subsidization.

Owner-occupied triplex and four-plex financing is also available under this program as described above.

The Corporation conducts studies on a periodic basis to determine the average area purchase prices for the program. Effective October 3, 1983, an existing single-family residence may not exceed \$112,695; a proposed or newly constructed single-family residence may not exceed \$118,260; and an existing duplex may not exceed \$137,281. The loan-to-value ratio may not exceed 95 percent.

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TAXABLE SECOND MORTGAGE

Program Description

The Taxable Second Mortgage Program allows individuals to receive a second mortgage on an owner-occupied single-family or duplex residence. The proceeds from the second mortgage must be used for the purpose of making improvements that enhance the basic livability or energy efficiency of the dwelling; or for the purchase of an owner-occupied single-family dwelling where the dwelling is subject to an existing first mortgage.

The total-financing-to-value ratio may not exceed 90 percent. If the proceeds of the second mortgage is for the purpose of home improvement, the value of the residence after completion of the improvement is utilized. The balance of the outstanding first mortgage, when combined with the sum of the second mortgage, may not exceed the Corporation's current loan maximums. The current loan maximums are \$178,650 for a single-family residence and \$207,750 for a duplex residence.

SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Program Description - Subsidy Computation

The estimated total subsidy is based upon discounting the annual cash flows of the mortgage loan portfolios for the period the bonds or other obligations remain outstanding. A detail of the subsidy estimate as well as anticipated mortgage demand is presented in Table 1. Since under most methods of financing the bonds will be retired prior to their maturity (depending upon actual mortgage prepayment levels), substantial cash flows in the later years will be available to reduce future subsidy requests.

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The following fees and expenses have not been included in the FY '85 Detail Budget submitted for approval. These items are directly related to the amount of bonds issued/mortgages purchased and/or outstanding during the year. These items with estimated amounts for FY '85 are as follows:

Mortgage servicing fees	\$13,125,000
Mortgage insurance fees	5,000,000
Bank facility fees	6,000,000

The above fees are paid from the cash flow of the mortgage payments and do not require annual general fund appropriations.

Additionally, bond sale costs are not included in the FY '85 Detail Budget. These costs are totally dependent upon the amount and type of bonds sold. They are paid out of the capital appropriation to the Special Mortgage Loan Purchase Program, or, in some cases out of bond proceeds, and are estimated at the levels indicated in Table 1.

As a result of substantial carryforward subsidy funds the appropriation to the Program was \$6,801.0 for FY '84. The total subsidy had been estimated at \$264 million with carryforward funds and earnings on such amounts representing the difference. Were the Corporation to operate the FY '85 Program at either 75 percent or 50 percent of the FY '84 General Fund appropriation amount, the Special Mortgage Loan Purchase Program would be able to accommodate approximately 71 percent of the mortgage applications. Since the Corporation mortgage rates would be below market a significant number of buyers may be unwilling to accept the higher conventional rates thereby creating a waiting list of loan applicants. As a result, individuals selling their homes would have to wait longer for their proceeds, thereby increasing the risk that the deal will fall through, and complicating the chain effect of residential real estate transactions should they be upgrading to another home or relocating within the State with the sale of their current residence a condition for their new purchase.

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Because of the factors previously mentioned, were the Corporation requested to accommodate a reduced level of funding, the preference would be for revisions to the various levels of subsidy presently incurred in the bonded programs. A reduction in the Taxable Mortgage Purchase Program level of subsidy from the current 3 percent to 2 1/2 percent, combined with the Tax-Exempt Mortgage Program rates established at the lower of the applicable cost of funds or the rate available under the Taxable Program (as opposed to the flat 10 percent rate currently established by Statute) would result in a reduction in subsidy costs of approximately \$77 million for FY '85 representing a savings of approximately 34 percent of the current subsidy computation and resulting in a \$6 million surplus of funds in FY '85 available to be carried over to FY '86 as opposed to a \$71 million appropriation requirement.

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ALASKA HOUSING FINANCE CORPORATION
 SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
 SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS
 Fiscal Year 1985
 (In Millions)

	Estimated Carry-Over From FY '84	Program Repayments And Earnings	Bond Proceeds	Sales Costs	Subsidy	Subsidy Allocation	Utilization of Mortgages For Subsidy	Estimated Carry-Over To FY '86	Estimated FY '85 Mortgage Demand
Taxable First Mortgage Program									
State Assisted Mortgage Bonds - Single-Family and Duplex Triplex and Four-plex	\$ 20 5	\$ 75 25	\$ 550	\$ (5)	\$ 149	\$ 15		\$ 100 5	\$ 704 25
First Mortgage Veterans' Program - State Guaranteed Veterans' Bonds	10		700	(15)	49		\$(34)	75	635
Tax-Exempt First Mortgage Program - Home Mortgage Bonds	20		125	(3)	14		(10)	30	116
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—	—
TOTAL	<u>\$ 55</u>	<u>\$ 100</u>	<u>\$1,375</u>	<u>\$(25)</u>	<u>\$ 227</u>	<u>\$ -</u>	<u>\$(44)</u>	<u>\$ 210</u>	<u>\$1,480</u>

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ALASKA HOUSING FINANCE CORPORATION
 Summary of Mortgage Demand and Proposed Financings
 Fiscal Year 1985

CASE A

(In Millions)

	<u>Mortgages</u>	<u>Investments</u>	<u>Total</u>
Beginning Balances July 1, 1984	\$ 50.000	\$ 90.000	\$ 140.000
SAM Series G Subsidy Reversion (6/1/85)		25.000	25.000
Estimated Earnings of SAM Fund		5.000	5.000
Utilization of mortgages for subsidy	<44.000>		<44.000>
Mortgage Prepayment Transfers	<u><6.000></u>	<u>6.000</u>	<u>---</u>
Available for Subsidy	<u>\$ -0-</u>	<u>\$ 126.000</u>	<u>\$ 126.000</u>
 FY 84 Estimated Subsidy		 \$ 227.000	
Less Mortgages used for subsidy (\$44 million mortgages for \$30 million subsidy due to rate differentials)		<u>30.000</u>	
Not Required Subsidy		<u>\$ 197.000</u>	
Estimated Required Subsidy		\$ 197.000	
Estimated Subsidy Available		\$ <u>126.000</u>	
FY 85 Request		<u>\$ 71.000</u>	

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ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS
Fiscal Year 1985
<Attachment>

CASE A

Assumptions

- Continued availability of credit facilities enabling the Corporation to issue intermediate term securities
- Level of subsidy for taxable first mortgage program at 3.00 percent. No modification to the ratchet and mortgage rates totally dependent upon the Corporation's cost of funds.
- Tax exempt interest rates not in excess of current levels.
- Federal tax exempt mortgage bond authorization extended past December 1983 with additional restrictions added to the program diminishing activity below current levels.
- Mortgage demand maintained at current levels with seasonal adjustments. Allocation between Taxable First Mortgage Program and State Guaranteed Veterans' Program based upon recent activity.
- Voter approval on November 8, 1983 authorizing an additional \$500 million State Guaranteed Bonds for the Veterans Mortgage Program.
- Legislation in 1984 authorizing a special general election approving additional State Guaranteed Bonds for the Veterans Mortgage Program and voter approval at the November, 1984 election.
- State Assisted Mortgage Bonds Series G called on June 1, 1985 releasing approximately \$25 million back to the Special Mortgage Loan Purchase Program.
- Mortgage loans held in the SAM Fund originated by the State of Alaska, Division of Veterans Administration available for utilization as subsidy in current bond issue.

NOTE: Activity in the Mobile Home Loan Purchase Program is not reflected in the schedule as funding is from separate appropriations.

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SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
SUMMARY OF EXHIBITS

LOAN SUMMARY-MORTGAGES PURCHASED

ALL FIRST MORTGAGES EXHIBIT A
TAXABLE FIRST MORTGAGE PROGRAM EXHIBIT B
TAX-EXEMPT FIRST MORTGAGE PROGRAM EXHIBIT C
VETERANS MORTGAGE PROGRAM EXHIBIT D
GRADUATED PAYMENT MORTGAGES EXHIBIT E
AHFC ADMINISTERED FAIRBANKS MORTGAGE PROGRAM EXHIBIT F

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ALASKA HOUSING FINANCE CORPORATION
 LOAN SUMMARY - MORTGAGES PURCHASED
 (ALL FIRST MORTGAGES)

SMLPP EXHIBIT "A"

	FY '82		FY '83	
		\$		\$
Sales Price	104,521		105,750	
Appraised Value	106,736		100,414	
Note Amount	90,300		92,012	
Monthly Income	4,041		4,059	
Age of Borrower	34.6		33.7	
Size of Household	2.7		2.5	
Loan to Sale Price Ratio	86.39		87.95	
Weighted Average Int. Rate	11.43		10.73	
Dwelling Type				
SFR	6,312	74.53	5,993	69.76
Condo	1,543	18.22	2,036	23.70
DPLX	450	5.31	200	3.35
PUD	164	1.94	264	3.07
Triplex	-	-	4	.05
Four-Plex	-	-	6	.07
	<u>8,469</u>	<u>100.00</u>	<u>8,591</u>	<u>100.00</u>
Now/Existing				
Now	3,459	40.84	5,382	62.65
Existing	5,010	59.16	3,209	37.35
	<u>8,469</u>	<u>100.00</u>	<u>8,591</u>	<u>100.00</u>
First Time Homeowner				
Yes	3,297	38.93	4,461	51.93
No	5,172	61.07	4,130	48.07
	<u>8,469</u>	<u>100.00</u>	<u>8,591</u>	<u>100.00</u>
Insurance Type				
FIA	-	-	-	-
VA	820	9.68	814	9.48
CONV	7,649	90.32	7,777	90.52
	<u>8,469</u>	<u>100.00</u>	<u>8,591</u>	<u>100.00</u>
Eligible State Veteran	1,658	19.58	1,913	22.27
Non-Eligible State Veteran	6,811	80.42	6,678	77.73
	<u>8,469</u>	<u>100.00</u>	<u>8,591</u>	<u>100.00</u>
Original Balance	764,752	800.00	799,068	150.00

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ALASKA HOUSING FINANCE CORPORATION
 LOAN SUMMARY - MORTGAGES PURCHASED
 TAXABLE FIRST MORTGAGES

SALPP EXHIBIT "U"

	FY 182	\$	FY 183	\$
Sales Price	105,999		116,984	
Appraised Value	108,246		120,505	
Note Amount	91,233		99,824	
Monthly Income	4,097		4,620	
Age of Borrower	34.9		35.5	
Size of Household	2.7		2.7	
Loan to Sales Price Ratio	86.07		85.33	
Weighted Average Int. Rate	11.53		11.54	
Monthly P & I Payment	921.24		1,001.05	
Dwelling Type				
SIR	6,078	76.37	3,433	74.73
Condo	1,289	16.20	754	16.41
DPLX	437	5.48	211	4.59
PUD	155	1.95	186	4.05
Triplex	-	-	4	.09
Four-Plex	-	-	6	.13
	<u>7,959</u>	<u>100.00</u>	<u>4,594</u>	<u>100.00</u>
Now/Existing				
Now	3,173	39.87	2,655	57.79
Existing	4,786	60.13	1,939	42.21
	<u>7,959</u>	<u>100.00</u>	<u>4,594</u>	<u>100.00</u>
First Time Homeowner				
Yes	2,837	35.65	1,300	30.04
No	5,122	64.35	3,214	69.96
	<u>7,959</u>	<u>100.00</u>	<u>4,594</u>	<u>100.00</u>
Insurance Type				
FHA	-	-	-	-
VA	820	10.30	316	6.88
CONV	7,139	89.70	4,278	93.12
	<u>7,959</u>	<u>100.00</u>	<u>4,594</u>	<u>100.00</u>
Eligible State Veteran	1,623	20.39	1,278	27.82
Non-Eligible State Veteran	6,336	79.61	3,316	72.18
	<u>7,959</u>	<u>100.00</u>	<u>4,594</u>	<u>100.00</u>
Original Balance	726,122,250.00		458,593,050.00	

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ALASKA HOUSING FINANCE CORPORATION
 LOAN SUMMARY - MORTGAGES PURCHASED
 TAX-EXEMPT FIRST MORTGAGE PROGRAM

SMLPP EXHIBIT "C"

	FY '82	\$	FY '83	\$
Sales Price	80,632		85,238	
Appraised Value	82,403		87,085	
Note Amount	75,340		79,654	
Monthly Income	3,118		3,075	
Age of Borrower	29.4		30.3	
Size of Household	2.0		2.2	
Loan to Sales Price Ratio	93.44		93.45	
Weighted Average Int. Rate	9.95		9.88	
Monthly P & I Payment	659.08		692.82	
Dwelling Type				
SFR	224	45.34	1,881	59.21
Condo	251	50.82	1,202	37.83
DPLX	10	2.02	33	1.04
PUD	9	1.82	61	1.92
	<u>494</u>	<u>100.00</u>	<u>3,177</u>	<u>100.00</u>
New/Existing				
New	279	56.48	2,294	72.21
Existing	215	43.52	883	27.79
	<u>494</u>	<u>100.00</u>	<u>3,177</u>	<u>100.00</u>
First Time Homeowner				
Yes	456	92.31	2,814	88.57
No	38	7.69	363	11.43
	<u>494</u>	<u>100.00</u>	<u>3,177</u>	<u>100.00</u>
Insurance Type				
FHA	-	-	-	-
VA	-	-	251	7.90
CONV	498	100.00	2,926	92.10
	<u>498</u>	<u>100.00</u>	<u>3,177</u>	<u>100.00</u>
Eligible State Veteran	33	6.68	546	17.19
Non-Eligible State Veteran	461	93.32	2,631	82.81
	<u>494</u>	<u>100.00</u>	<u>3,177</u>	<u>100.00</u>
Original Balance		37,218,000.00		253,061,600.00

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ALASKA HOUSING FINANCE CORPORATION
 LOAN SUMMARY - MORTGAGES PURCHASED
 VETERANS MORTGAGE PROGRAM

SMLPP EXHIBIT "D"

	FY '83	\$
Sales Price	124,846	
Appraised Value	125,123	
Note Amount	112,348	
Monthly Income	4,823	
Age of Borrower	37.8	
Size of Household	3.0	
Loan to Sales Price Ratio	89.99	
Weighted Average Int. Rate	9.06	
Monthly P & I Payment	909.44	
Dwelling Type		
SFR	393	81.20
Condo	65	13.43
Duplex	10	2.07
PUD	16	3.31
Triplex	-	-
Four-Plex	-	-
	<u>484</u>	<u>100.00</u>
New/Existing		
New	247	51.03
Existing	237	48.97
	<u>484</u>	<u>100.00</u>
First Time Homeowner		
Yes	200	41.32
No	284	56.68
	<u>484</u>	<u>100.00</u>
Insurance Type		
FIA	-	-
VA	210	43.39
CONV	274	56.61
	<u>484</u>	<u>100.00</u>
Eligible State Veteran		
Eligible State Veteran	6	1.24
Non-Eligible State Veteran	478	98.76
	<u>484</u>	<u>100.00</u>
Original Balance		54,376,200.00

NOTE: Program Implemented
 In February, 1992

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ALASKA HOUSING FINANCE CORPORATION

SMLPP EXHIBIT "E"

LOAN SUMMARY - MORTGAGES PURCHASED
PLEGGED ACCOUNT MORTGAGES

	<u>FY '82</u>	\$	<u>FY '83</u>	\$
Sales Price	111,804		106,269	
Appraised Value	114,074		109,776	
Note Amount	102,884		96,656	
Monthly Income	3,624		3,438	
Age of Borrower	33.4		31.8	
Size of Household	2.7		2.4	
Loan to Sales Price Ratio	92.02		90.95	
Weighted Average Int. Rate	11.94		11.49	
Monthly P & I Payment			969.97	
Dwelling Type				
SFR	489	80.56	165	69.33
Condo	92	15.16	57	23.95
DPLX	13	2.14	4	1.68
PUD	13	2.14	12	5.04
	<u>607</u>	<u>100.00</u>	<u>238</u>	<u>100.00</u>
How/Existing				
New	307	50.58	161	67.65
Existing	300	49.42	77	32.35
	<u>607</u>	<u>100.00</u>	<u>238</u>	<u>100.00</u>
First Time Homeowner				
Yes	170	28.01	98	41.18
No	437	71.99	140	58.82
	<u>607</u>	<u>100.00</u>	<u>238</u>	<u>100.00</u>
Insurance Type				
FIA	-	-	-	-
VA	-	-	-	-
CONV	607	100.00	238	100.00
	<u>607</u>	<u>100.00</u>	<u>238</u>	<u>100.00</u>
Eligible State Veteran	71	11.70	23	9.66
Non-Eligible State Veteran	536	88.30	215	90.34
	<u>607</u>	<u>100.00</u>	<u>238</u>	<u>100.00</u>
Original Balance	62,450,300.00		3,004,150.00	

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ALASKA HOUSING FINANCE CORPORATION
 LOAN SUMMARY - MORTGAGES PURCHASED
 FAIRBANKS MORTGAGE PROGRAM

SMLPP EXHIBIT "F"

	FY '83	\$
Sales Price	118,607	
Appraised Value	120,699	
Note Amount	90,325	
Monthly Income	4,597	
Age of Borrower	36.2	
Size of Household	2.9	
Loan to Sales Price Ratio	82.90	
Weighted Average Int. Rate	10.11	
Monthly P & I Payment	879.18	
Dwelling Type		
SFR	286	85.12
Condo	15	4.46
DPLX	34	10.12
PUD	1	.30
	<u>336</u>	<u>100.00</u>
New/Existing		
New	186	55.36
Existing	150	44.64
	<u>336</u>	<u>100.00</u>
First Time Homeowner		
Yes	67	19.94
No	269	80.06
	<u>336</u>	<u>100.00</u>
Insurance Type		
FIA	-	-
VA	37	11.01
CONV	299	88.99
	<u>336</u>	<u>100.00</u>
Eligible State Veteran	85	24.70
Non-Eligible State Veteran	255	75.30
	<u>336</u>	<u>100.00</u>
Original Balance		33,037,300.00

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ALASKA HOUSING FINANCE CORPORATION
 LOAN SUMMARY - MORTGAGES PURCHASED
 MOBILE HOMES

EXHIBIT A

	FY '82	\$	FY '83	\$
Sales Price	27,966		34,235	
Appraised Value	29,160		35,096	
Note Amount	25,878		31,376	
Monthly Income	2,710		2,864	
Age of Borrower	32.9		31.9	
Size of Household	2.6		2.5	
Loan to Sales Price Ratio	92.54		91.65	
Weighted Average Int. Rate	11.34		11.39	
Monthly P & I Payment	285.20		343.12	
Dwelling Type				
Mobile Homes	<u>1,324</u>	<u>100.00</u>	<u>1,872</u>	<u>100.00</u>
Now/Existing				
Now	132	9.97	390	20.83
Existing	<u>1,192</u>	<u>90.03</u>	<u>1,482</u>	<u>79.17</u>
	<u>1,324</u>	<u>100.00</u>	<u>1,872</u>	<u>100.00</u>
First Time Homeowner				
Yes	840	63.44	1,249	66.72
No	<u>484</u>	<u>36.56</u>	<u>623</u>	<u>33.28</u>
	<u>1,324</u>	<u>100.00</u>	<u>1,872</u>	<u>100.00</u>
Insurance Type				
FHA	-	-	-	-
VA	74	5.59	267	14.26
CONV	<u>1,250</u>	<u>94.41</u>	<u>1,605</u>	<u>85.74</u>
	<u>1,324</u>	<u>100.00</u>	<u>1,872</u>	<u>100.00</u>
Eligible State Veteran	71	5.36	263	14.05
Non-Eligible State Veteran	<u>1,253</u>	<u>94.64</u>	<u>1,609</u>	<u>85.95</u>
	<u>1,324</u>	<u>100.00</u>	<u>1,872</u>	<u>100.00</u>
Original Balance		34,263,450.00		58,735,850.00

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OTHER FINANCIAL AND PROGRAM INFORMATION				INFORMATION FOR SUBSIDY CALCULATION		
	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	various	
ESTIMATED TOTAL SUBSIDY (4)	190,566.0	185,000.0	227,000.0	STATUTORY MAXIMUM LOAN MATURITY	none	
ESTIMATED RATE OF SUBSIDY (5)	17.73%	16.05%	15.34%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%	
AVERAGE LOAN SIZE (1)	94.4	112.9	125.0	ESTIMATED COST OF FUNDS FOR BOND ISSUE	see Table 1 Form LI	
NUMBER OF LOANS MADE (1)	11,381	10,215	11,840	ARE PRINCIPAL DEFERMENTS ALLOWED?		
VALUE OF LOANS MADE ANNUALLY (1)	1,074,939.4	1,153,000.0	1,400,000.0	IF YES, NUMBER OF YEARS:	YEARS	YES NO
VALUE OF OUTSTANDING LOANS AT FY END	2,786,287.5	3,660,658.6	4,774,592.7	ARE INTEREST DEFERMENTS ALLOWED?	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE (6) (2)	2.87	2.85	2.85	IF YES, NUMBER OF YEARS:	_____	<input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/> <input checked="" type="checkbox"/>
New Residences Financed (3)	5,302	4,500	5,500			
First Time Homebuyer (3)	4,461	3,330	3,000			

PROGRAM JUSTIFICATION:

Footnotes:

- (1) Represents approved commitments relating to applications received during the fiscal year.
- (2) All Programs.
- (3) Based upon loans purchased during the fiscal year.
- (4) Represents for FY '83 actual SAM Fund subsidy transfers during the fiscal year. Actual subsidy appropriation request as indicated on line 1004 of Form LI.
- (5) Does not assume any value to residual mortgages which may release from bond pledge upon final bond payment. These residuals would occur if actual mortgage prepayments exceed assumed levels. Depending upon actual prepayments, such residuals may equal or exceed the initial subsidy contribution to the issue.
- (6) Based upon number of loans delinquent.

See following AE(3)'s for justification.

**L-2 LOAN
PROGRAM
JUSTIFICATION**

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SPECIAL MORTGAGE LOAN PURCHASE PROGRAM

Project Justification

Without the subsidized interest rates offered by the Corporation there is little reason to expect that the housing market and related trades and professions would be faring any better in Alaska than they have been nationally. More importantly, based upon the statistics of national residential housing sales, a significant portion of those families who have participated in the Special Mortgage Loan Purchase Program since its inception in June, 1980 would have been precluded the opportunity of home ownership during this period, or forced to purchase much less of a home, as a result of the increased mortgage payments which accompany higher interest rates. The Alaska housing market has enjoyed relatively stable increases in value during a period when many markets in other states have gone through, and in some cases are still experiencing severely depressed values. The benefit of the program, therefore, cannot merely be measured by the number of individuals actually placed in housing financed by the Corporation but could also be viewed as benefiting every homeowner in the state by insuring that an active market exists for their residence and their desire to sell to relocate within or outside the State, upgrade to a larger home as their families grow, or to access their equity in the event of a need for funds will not be frustrated.

Current homeowners also have the benefit of availability of the taxable home improvement programs. With 90 percent loan-to-value ratios and the benefit of any portion of the second mortgage which, when combined with the outstanding AHFC first mortgage (if any), at the subsidized rate the benefits of improving existing residential housing to both the borrower and community in which the home is located are substantially more attainable.

The Corporation previously commissioned a study entitled, "The In-State Economic Impact of the Alaska Housing Finance Corporation". The results of the study, performed by Recon Research Corporation, surprised even those most intimate with the programs of the Corporation. The study analyzed the housing and related activity for the years 1980 and 1981 under two alternative scenarios. Actual activity for 1980 was compared with that of 1981 with analysis of expected 1981 activity without subsidized financing provided by the Corporation. Since the Special Mortgage Loan Purchase Program was implemented in June of 1980, another analysis adjusted 1980 actual activity to that which would have been expected were the Program not to have been implemented. This adjusted 1980 activity was then compared to 1981 actual activity and used as a base for estimating 1981 activity absent the loan programs of the Corporation. Copies of the summaries and pertinent graphs are included as Exhibits F through K of this section. An update to the study demonstrating the calendar year 1982 impact is currently in process.

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The report attributes to the subsidized program of the Corporation for 1981, based upon an adjusted 1980 base year, 8,540 additional home sales generated, 2,910 new single-family units constructed, and 2,531 construction jobs created. The conclusions of the study can best be summarized by quoting the last paragraph of the text of the report:

These figures illustrate that while the AHFC has not made the difference between a "boom" and "bust" in the Alaskan economy, it has made the difference between "boom" and "flat" economic performance. Without the stimulus Corporation programs provided during 1981, the Alaskan economy would have barely grown at all. Given the apparent influence AHFC secondary mortgage market participation has had on state growth, changes in AHFC programs should be taken with great care, since the probability is high they will ultimately result in significant changes in overall Alaskan economic activity.

The findings of the report clearly demonstrate the success of the Program in stimulating economic development, increasing the number of residents of the State who can participate in the benefits of home ownership, and increasing the stock of adequate housing. It is expected that the 1982 update to the report will lead to the same conclusions.

While the goal of assisting the maximum number of residents have the opportunity for home ownership is probably the main reason the Program exists, the effect on the overall economy of the state cannot be ignored. With the effects on the economy of the magnitude indicated in Recon Reserach's report cited in part above, the \$227 subsidy estimation for FY '85 would appear to be extremely cost effective. This is explained to a large extent by the high degree of leverage accomplished through the sale of taxable and tax-exempt bonds. On average, for each dollar in subsidy used to provide the residential financing under the Special Mortgage Loan Purchase Program, \$6.58 of mortgage funds are made available to the residents of the state.

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Since Alaska's financial institutions have traditionally been unable to accommodate the residential financing activity in the State with internal capital, or have determined as a policy matter not to commit such capital to residential mortgage lending, the impact of AHFC has been basically to substitute private and federally sponsored secondary mortgage investors. The impact study previously cited indicates that in calendar year 1981 financial institutions recognized increased direct income of \$8,724,966 and indirect income of \$22,067,897 as a result of the Corporation's program when compared to the anticipated activity using 1980 (adjusted) as a base year.

The requested FY '85 funding level of \$71 million for this program is lower than the average request since its inception in FY '81. As reflected in the "Summary of State Financial Support" (attached) previous appropriations to the Program have been as follows:

FY '81	
Mortgage Loans	\$236,000.0
Cash	\$238,000.0
FY '82 (cash)	\$222,000.0
FY '83 (cash)	\$105,000.0
FY '84 (cash)	\$ 6,801.0

The FY '85 request would have approximated \$227 million if not for substantial funds made available as the result of previous appropriations being available for FY '85 activity.

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ECONOMIC IMPACT OF MORTGAGE PROGRAMS

SUMMARY EXHIBIT A
SINGLE-FAMILY HOUSING STARTS EXHIBIT B
EXISTING HOME SALES EXHIBIT C
MORTGAGE ORIGINATIONS EXHIBIT D
ALTERNATIVE FORECAST (Using 1980 Adjusted Base)..... EXHIBIT E
ALTERNATIVE FORECAST (Using 1980 Unadjusted Base).... EXHIBIT F

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ALASKA HOUSING FINANCE CORPORATION
 ECONOMIC IMPACT OF MORTGAGE PROGRAMS
 CALENDAR YEAR 1981
 SUMMARY

SILPP EXHIBIT "A"

	(1)	(2)
Home Sales Generated	5,993	8,540
New Single-Family Units Generated	1,921	2,910
Construction Jobs Created	1,671	2,531
"Direct" Resident Income Generated (Mill. \$)	229.6	336.9
From Sales	50.1	82.9
From Construction	171.5	254.0
"Indirect" Resident Income Generated (Mill. \$)	114.8	168.4
From Sales	29.1	41.4
From Construction	85.7	127.0
Total Resident Income Generated (Mill. \$)	344.4	505.3
Per dollar of loan originations generated by availability of AHFC programs	65 cents	67 cents

Source: Recon Research Corporation

(1) Utilizing actual 1980 activity as a base year.

(2) Utilizing 1980 activity as a base year, adjusted for activity
 attributed to implementation of the Special Mortgage Loan Pur-
 chase Program in June, 1980.

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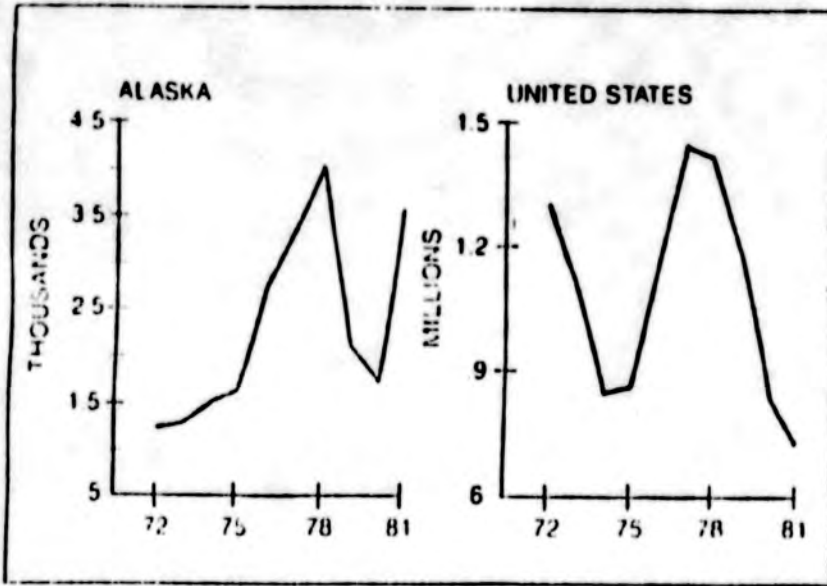
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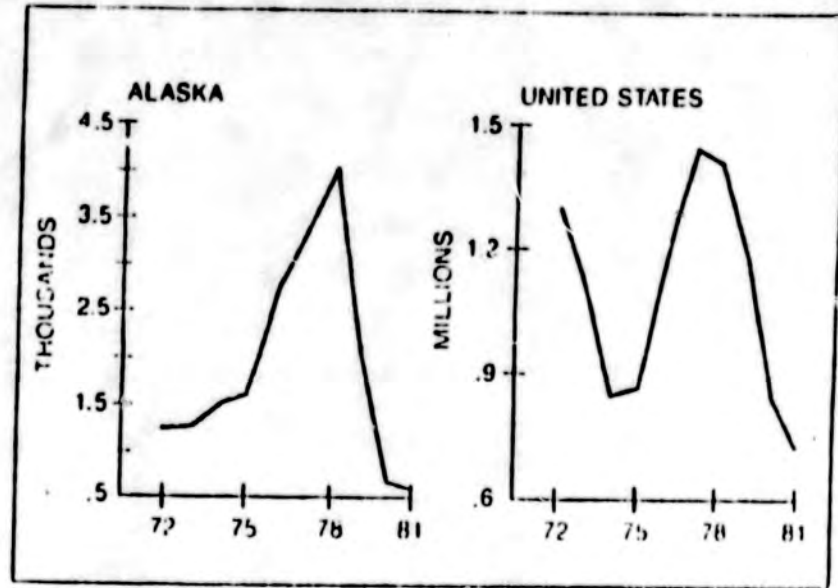
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ACTUAL SINGLE FAMILY HOUSING "STARTS"
1972-1981



Source: Reicon Research Corporation

ACTUAL SINGLE FAMILY HOUSING "STARTS"
(Absent AHFC "Below Market" Mortgage Rates in 1980-81)



Source: Reicon Research Corporation

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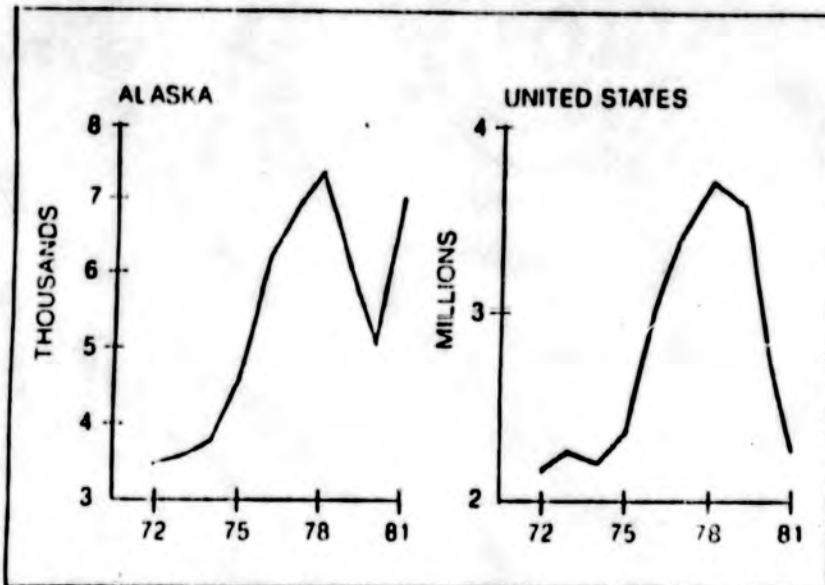
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ACTUAL EXISTING HOME SALES

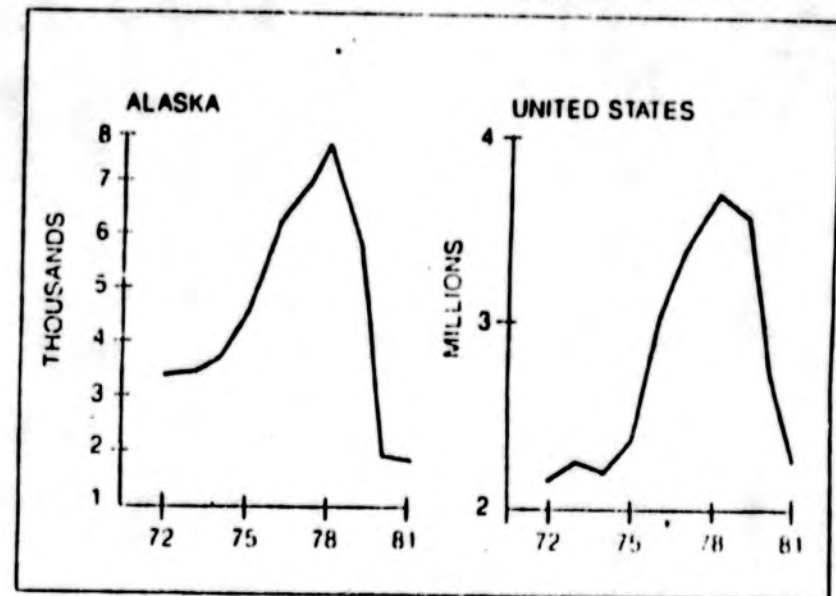
1972-1981



Source: Recon Research Corporation

EXISTING HOME SALES

(Absent A.H.F.C. "Below Market" Mortgage Rates in 1980-81)



Source: Recon Research Corporation

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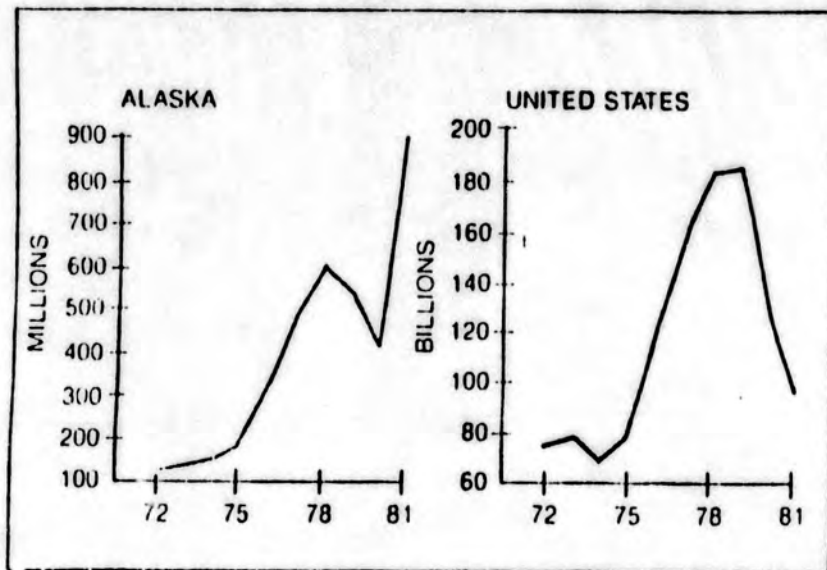
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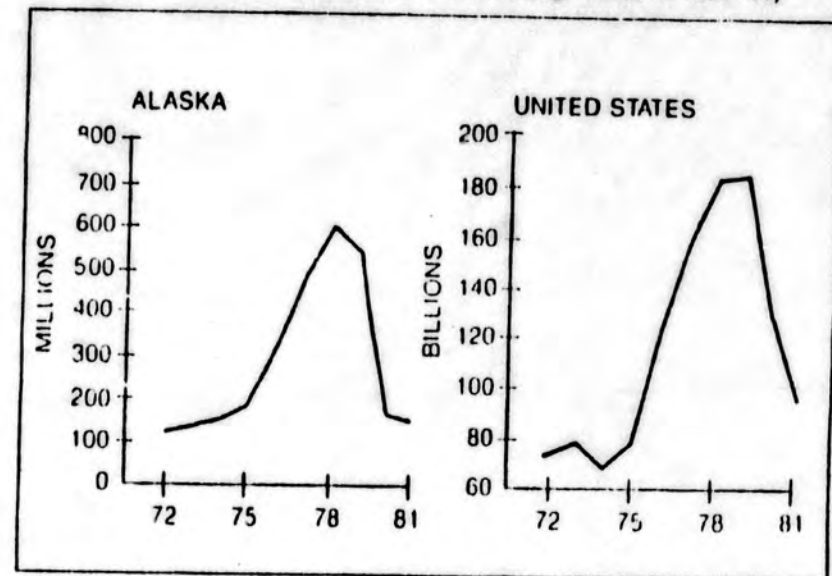
ACTUAL MORTGAGE ORIGINATIONS*
1972 - 1981



Source: Recon Research Corporation

* 1-4 Family Long Term Commitments

MORTGAGE ORIGINATIONS*
(Absent A.H.F.C. "Below Market" Mortgage Rates in 1980-81)



Source: Recon Research Corporation

* 1-4 Family Long Term Commitments

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ALTERNATIVE FORECAST
1980 ADJUSTED

SMLPP EXHIBIT "E"

1980-1981 Alternative Alaskan Economic Forecasts
(with and without AHFC lending programs in 1981)

	--- Level ---		--- Growth (%) ---		Actual Increase
	1980	1981	1980	1981	
Resident Income (mill.\$)					
With AHFC*	5,078	5,895	12.0	16.0	817
Without AHFC		5,390		6.1	312
Anchorage CPT (% chg.)*			10.3	8.9	
Real Resident Income (mill. \$ 1980)*					
With AHFC	5,078	5,438	1.7	7.1	360
Without AHFC		4,936		-2.8	-142
Construction Jobs					
With AHFC*	10,674	13,166	5.8	23.3	2,492
Without AHFC		10,635		0.0	-39

* AEIR Estimate

* 1980 estimates adjusted by difference between nominal growth rate and % change in CPI

Sources : Alaska Economic Information & Reporting System
Recon Research Corporation

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ALTERNATIVE FORECAST
1980 UNADJUSTED

SMPPP EXHIBIT "F"

1980-1981 Alternative Alaskan Economic Forecasts
(with and without AHFC lending programs in 1981)

	--- Level ---		--- Growth (%) ---		Actual Increase
	1980	1981	1980	1981	
Resident Income (mill.\$)					
With AHFC*	5,078	5,895	12.0	16.0	817
Without AHFC		5,554		9.3	476
Anchorage CPT (\$ chg.)*			10.3	8.9	
Real Resident Income (mill. \$ 1980)**					
With AHFC	5,078	5,438	1.7	7.1	360
Without AHFC		5,098		0.4	20
Construction Jobs					
With AHFC*	10,674	13,166	5.8	23.3	2,492
Without AHFC		11,495		8.0	821

* AEIR Estimate

** 1980 estimates adjusted by difference between nominal growth rate and % change in CPI

Sources : Alaska Economic Information & Reporting System
Recon Research Corporation

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TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
ALASKA HOUSING FINANCE REVOLVING FUND - Mobile Home Loan Purchase Program Account		STATEWIDE		85-1	Mark K. Cameron 276-5599	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND	61,637.4	66,260.0	61,000.0		TOTAL APPROPRIATIONS (1)	12,500.0
TOTAL APPROPRIATIONS AND REQUESTS					TOTAL INTEREST RETAINED	-
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	-
1004 GENERAL FUNDS			34,000.0	34,000.0	BONDS AUTHORIZED BUT NOT ISSUED	-
1028 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	12,500.0
GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? Combined with Home Ownership Assistance Program	
OTHER HOF Appropriation	43,500.0	42,250.0	-0-		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	
TOTAL OTHER PROGRAM FUNDING	18,137.4	24,010.0	27,000.0		ALL	
ESTIMATED CARRY FORWARD BALANCE	-0-	7,535.0	-0-			
INTEREST RETAINED			2,790.0(3)			
PRINCIPAL REPAYED (2)	18,137.4	16,475.0	24,210.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

Footnotes

- (1) The Mobile Home Loan Purchase Program has been financed by a \$12.5 million direct appropriation and \$105.25 million appropriated to the Home Ownership Fund designated for investment in mobile home loans.
- (2) Represents Home Ownership Fund earnings and prepayments made available for mobile home loans.
- (3) Interest earned on loans made for 1/2 year at 10% less 1% servicing fee.

See following AE3's for description.

L-1 LOAN PROGRAM DESCRIPTION

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 TITLE MOBILE HOME LOAN PURCHASE PROGRAM ACCOUNT

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MOBILE HOME LOAN PURCHASE PROGRAM

Project Description

The Corporation became the first housing finance agency to implement a mobile home program. The Program enables individuals to purchase either new or used owner-occupied mobile homes throughout the State. The mobile home may be located in an approved AHFC mobile home park, on leased land, or on the borrower's own land.

The Corporation adopted and has pending for implementation, revised Regulations for the Mobile Home Loan Purchase Program. The effect of the Regulation changes were to provide additional security to the mobile home loan portfolio in the form of primary mortgage insurance or loan credit insurance. For mobile homes which meet the requirements for primary mortgage insurance and of the Corporation mortgage pool insurance (Type I mobile home) the home is treated virtually identical to that of a conventional stick-built home with respect to such items as maximum loan limits, down payment requirements, interest rates and insurance requirements. For mobile homes which do not meet such requirements mobile home loan credit insurance is required (Type II mobile home).

The Type I mobile homes will be financed under the various bonded mortgage programs. The FY 85 Capital request is therefore exclusively for the financing of the Type II mobile homes. With the additional security of the credit insurance, the Corporation is pursuing the possibility of financing such loans through the issuance of a separate taxable bond issue. For this to be feasible, it is felt the pool of loans which will secure the bonds be originated prior to the issuance of the bonds. The Corporation intends to begin acquiring a pool of mobile home loans covered by credit insurance in an amount sufficient to pledge to a separate bond issue. Since a portion of the FY 85 appropriation may be used to subsidize a bond issue the funds are not being requested for the Home Ownership Fund as has been the practice in recent years. At June 30, 1983 the Home Ownership Fund had invested assets generating revenues in amounts sufficient to accommodate an additional 2,228 loans under the Program. This exceeds the Corporation's estimate of loan originations under the Program by almost 1,000.

As of June 30, 1983, the Corporation had a mobile home loan portfolio consisting of 3,254 loans with outstanding principal balances \$92,652,057. As of that date the Corporation had committed to purchase additional loans aggregating \$10,210,900.

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A summary of mortgages purchased during Fiscal Years 82 and 83 is presented in Exhibit B.

There was not a specific FY 84 General Fund appropriation to the Mobile Home Loan Purchase Program. The \$42.25 million appropriated for FY '84 to the Home Ownership Fund was designated to be invested in mobile home loans. The \$34 million request for FY 85 is 80% of the FY 84 Home Ownership Fund appropriation. A reduction to \$31,687,500 (75% of FY 84) may not result in diminished services should actual demand be slightly below anticipated levels. A further reduction to \$21,125,000 would result in a potential reduction in the availability of mobile home financing by \$12,875 million. A reduction in services may be averted provided available funds are leveraged through a subsidized taxable bond financing program as discussed above.

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OTHER FINANCIAL AND PROGRAM INFORMATION

INFORMATION FOR SUBSIDY CALCULATION

	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE (1)	varies
ESTIMATED TOTAL SUBSIDY	2,363.7	8,187.7	7,661.3	STATUTORY MAXIMUM LOAN MATURITY (2)	none
ESTIMATED RATE OF SUBSIDY	3.835%	12.357%	12.357%	APPROPRIATE U.S. TREASURY INTEREST RATE	12%
AVERAGE LOAN SIZE (3)	34.0	36.7	39.4	ESTIMATED COST OF FUNDS FOR BOND ISSUE	Direct Funded
NUMBER OF LOANS MADE (3)	1,809	1,699	1,574	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS YES NO
VALUE OF LOANS MADE ANNUALLY (3)	61,637.4	66,260.0	62,000.0	IF YES, NUMBER OF YEARS:	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>
VALUE OF OUTSTANDING LOANS AT FY END	92,652.0	145,014.2	185,262.0	ARE INTEREST DEFERMENTS ALLOWED?	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE	3.52	3.50	3.50	IF YES, NUMBER OF YEARS:	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IS LOAN FORGIVENESS ALLOWED?	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>
First Time Homebuyer (4)	1,259	1,190	1,100		

PROGRAM JUSTIFICATION:

Footnotes:

- (1) Rate established based upon current rate available under the Taxable First Mortgage Program of the Special Mortgage Loan Purchase Program. Used the following for subsidy computation: FY '83 - 11.39%, FY '84 - 10%, FY '85 - 10%
- (2) Maximum term of 20 years utilized for subsidy computation.
- (3) Represents approved commitments relating to applications received during the fiscal year.
- (4) Based upon loans purchased during the fiscal year.

See following AE(3)'s for justification

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TITLE MOBILE HOME LOAN PURCHASE PROGRAM
ACCOUNT

FY85

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**L-2 LOAN
PROGRAM
JUSTIFICATION**

000034

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
85-1	HOUSING ASSISTANCE LOAN FUND	STATEWIDE	FEDERAL FUNDS		
			GENERAL FUNDS	\$65,000	
			OTHER:		
			Program Receipts	1,950	
			TOTAL	\$66,950	
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

AGENCY DCRA

**A-3 AGENCY
LOAN
PROGRAM**

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BUDGET REVIEW

AGENCY PRIORITY	PROGRAM TITLE	LOCATION	FUNDING	AGENCY REQUEST	GOVERNOR
85-1	HOUSING ASSISTANCE LOAN FUND	STATEWIDE Princip	FEDERAL FUNDS		
			GENERAL FUNDS	\$65,000	
			OTHER:		
			1 Retained	1,950	
			TOTAL	\$77,200	
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		
			FEDERAL FUNDS		
			GENERAL FUNDS		
			OTHER:		
			TOTAL		

AGENCY DCRA

**A-3 AGENCY
LOAN
PROGRAM**

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TITLE		LOCATION		AGENCY PRIORITY	NAME AND PHONE OF AGENCY CONTACT	
HALF		STATEWIDE		85-1	Barbara Morse-Quinn - 272-4585	
PROGRAM FUNDING	FY 83	FY 84	FY 85	Governor	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND	56,200.0	66,700.0	77,200.0		TOTAL APPROPRIATIONS	140,000
TOTAL APPROPRIATIONS AND REQUESTS	45,000.0	45,000.0	65,000		TOTAL INTEREST RETAINED	-0-
1002 FEDERAL RECEIPTS	-0-	-0-	-0-		TOTAL BONDS ISSUED	-0-
1004 GENERAL FUNDS	*45,000.0	45,000.0	65,000		BONDS AUTHORIZED BUT NOT ISSUED	-0-
1028 PROGRAM RECEIPTS	-0-	-0-	-0-		TOTAL PROGRAM FUNDING	140,000
GENERAL OBLIGATION BONDS	-0-	-0-	-0-		WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85? 2940.6 at SL 3	
OTHER						
TOTAL OTHER PROGRAM FUNDING	-0-	-0-	-0-		WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES? 1048.7 program receipts at SL 3	
ESTIMATED CARRY FORWARD BALANCE	24,500.0	12,000.0				
INTEREST RETAINED			-0-			
PRINCIPAL REPAYED	-0-	1,800.0	1,950.0			

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

The Housing Assistance Loan Fund was created to provide money to originate, purchase or participate in the purchase of loans for rural housing and nonconforming urban housing. Approximately 97% of all loans were made through a private financial institution and purchased by the Division. The remaining 3% were loans made directly to a borrower by the Division because no private financial institution was willing to service the borrower's area. The Division has total loans in excess of 1,500 loans which require computerized accounting. Payments are collected for 30 years and are received for principal, interest, taxes and insurance. Section 12, Chapter 102, SLA 1983 changed the fund to a revolving loan fund by allowing the Division to retain principal reductions which would include loan payoffs. In FY'85 less than 3% of the total funds available are resulting from principal repaid and the percentage will not increase markedly for the next 20 years when the loan amortization begins to favor larger principal reduction.

*\$500.00 deposit - Title Loss Reserve Account

L-1 LOAN PROGRAM DESCRIPTION

AGENCY DCRA
 CATEGORY Economic Development
 PROGRAM Development
 TITLE Housing Assistance

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BUDGET REVIEW

Based on past fiscal years' activities and loans in progress, the Division projects financing in FY'85 approximately 726 new loans with \$65.0 million in new appropriation and \$1.95 million in repaid principal and payoffs. By statute a minimum of 80% of the funds will be utilized in rural Alaska with the remainder available for urban nonconforming properties. The Division is projecting 561 loans for rural housing and 165 loans for nonconforming housing in urban areas. The \$54.96 million allocated to rural Alaskan properties represents in most cases the sole source of funds. These rural funds will construct approximately 228 new dwellings, finance the sale of 237 existing structures, renovate 60 existing structures and finance 160 rental units. It should be noted that the Division has made \$56.2 million in loans in FY'83 and has projected \$58.8 for FY'84 with the potential to loan more if funds were made available. Both previous years reflect loan activities of about 28% above the general fund allocations due to carry forward funding. However, the Division is not projecting any carry forward fund for FY'85. It should be noted that in addition to benefits for individual property investors, the expenditure of these loan funds translates into direct employment opportunities for primary consumers in construction labor, materials suppliers, freight companies, and banks. Funds also indirectly impact the remaining local economy when the primary consumers expend their dollars for other living expenses in the community. Those people purchasing the structures enjoy the benefit of safe and adequate housing.

The analysis of the impact on the FY'85 program of receiving 75% of FY'84 general funds must also discuss the overall impact based on the other funds available during FY'84. The FY 84 general fund allocation of \$45 million and \$13.8 in carry forward funds and program receipts will finance 497 loans for rural housing and 151 loans for nonconforming in urban areas. At 75%, the FY'85 general fund allocation would be \$33.75 million plus \$1.95 million in other program receipts. As previously noted, the Division is not anticipating any carry forward funds from prior years. At 75%, the net dollar effect is a drop from \$58.8 million in FY'84 to \$35.7 million in FY'85 or about a 40% decrease in the total funding scope of the program. At this level it is estimated that the Division can finance approximately 387 loans of which about 299 loans would be for rural housing and 88 loans for urban nonconforming. The impact of this drop in funding, especially in relationship to new construction, would depress economic activity in mainly the regional centers.

L1	ADDITIONAL EXPLANATION FORM
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AGENCY	DCRA
CATEGORY	Economic Development
PROGRAM	Development
TITLE	Housing Assistance

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000047 BUDGET REVIEW

The impact on the FY'85 program of receiving 50% of the FY'84 general funds is even more drastic. The FY'84 total allocation of \$58.8 million will finance about 648 loans. At 50% of the FY'84 general fund allocation, \$22.5 million from the general fund and \$1.95 million from program receipts would be available in FY'85. With no carry forward funds from prior years, at 50% level, the net dollar effect is a drop from \$58.8 million in FY'84 to \$24.45 million in FY'85, or a decrease of about 60% of the FY'84 total funds available. The results would be a dramatic decrease in the number of total loans made through the program from 648 in FY'84 to about 265 in FY'85. This compares to about 60 loans for FY'85 versus 151 loans in FY'84 for the urban nonconforming program. In Rural Alaska the number of loans would decrease from 497 in FY'84 to 205 loans in FY'85. This decrease would have a negative economic impact on the rural regional centers which could result in a carry over to Anchorage and Fairbanks economy since much of the supplies flow through there. It should be noted that the Division projects a demand for financing in FY'85 of \$77.2 million and at this level the Division would only meet about 30% of that demand. With very little other secondary financing available, many Alaskans could not enjoy the safety and affordability of housing now provided.

A table is attached which demonstrates the funds available, the allocation split, and loan distribution for FY 84, FY 85 proposed, FY 85 at 75% level and FY 85 at 50% level. Another table displays the funding levels versus the projected demand.

L1	ADDITIONAL EXPLANATION FORM
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AGENCY	<u>DCRA</u>
CATEGORY	<u>Economic Development</u>
PROGRAM	<u>Development</u>
TITLE	<u>Housing Assistance</u>

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BUDGET REVIEW

FY YEAR	FUNDING SOURCE			ALLOCATION			LOAN DISTRIBUTION										
	GEN FUND	OTHER (1)	TOTAL	RURAL OWNER OCCUP	NON-CONFORMING	RURAL NON-OWNER OCCUP	RURAL OWNER OCCUPIED				NONCONFORMING			RURAL NONOWN-ER OCC LO UN AN ITS		TOTAL LOANS	
							EXI-ST	NEW	REN-OVA	TOTAL	EXI-ST	NEW	REN-OVA	TOTAL			
84	45.00	13.80	58.80	39.20	10.60	9.00	208	216	37	461	135	6	10	151	36	150	648
85 @ request level	65.00	1.95	66.95	45.95	12.00	9.00	237	228	60	525	143	7	15	165	36	160	726
85 @ 75% LEVEL	33.75	1.95	35.70	24.50	6.40	4.80	126	122	32	280	76	4	8	88	19	85	387
85 @ 50% LEVEL	22.50	1.95	24.45	16.78	4.38	3.29	87	83	22	192	52	3	5	60	13	58	265

(1) Includes program receipts and any carry forward funding.

ADDITIONAL EXPLANATION FORM

#3

AGENCY DEPT. OF COMMUNITY & REGIONAL AFFAIRS

CATEGORY ECONOMIC DEVELOPMENT

PROGRAM DEVELOPMENT

TITLE HOUSING ASSISTANCE

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FUNDING/DEMAND COMPARISON

FY	TOTAL FUNDING	PROJECTED DEMAND	+ FUNDING EXCEEDS DEMAND - DEMAND EXCEEDS FUNDING	% OF DEMAND SATISFIED
83	68,700	56,7000	+ 12,000	121%
84	58,800	66,700	- 7,900	88%
85	66,950	77,200	- 10,250	86%
85 @ 75% Level	35,700	77,200	- 41,500	46%
85 @ 50% LEVEL	24,450	77,200	- 52,750	32%

ADDITIONAL EXPLANATION FORM

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AGENCY DEPT. OF COMMUNITY & REGIONAL AFFAIRS

CATEGORY ECONOMIC DEVELOPMENT

PROGRAM DEVELOPMENT

TITLE HOUSING ASSISTANCE

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BUDGET REVIEW

OTHER FINANCIAL AND PROGRAM INFORMATION			INFORMATION FOR SUBSIDY CALCULATION		
	FY 83 ACTUAL	FY 84 AUTHORIZED	FY 85 REQUEST	STATUTORY LOAN RATE	See #AE3
ESTIMATED TOTAL SUBSIDY	12,933.0	25,372.0	39,850.0	STATUTORY MAXIMUM LOAN MATURITY	Page #5
ESTIMATED RATE OF SUBSIDY	21.8%	21.2%	21.9%	APPROPRIATE U.S. TREASURY INTEREST RATE	30 years
AVERAGE LOAN SIZE	95.4	90.7	92.2	ESTIMATED COST OF FUNDS FOR BOND ISSUE	12%
NUMBER OF LOANS MADE	604	648	726		
VALUE OF LOANS MADE ANNUALLY	56,200.0	58,800.0	66,950.0	ARE PRINCIPAL DEFERMENTS ALLOWED?	YEARS YES NO
VALUE OF OUTSTANDING LOANS AT FY END	59,174.0	117,974.0	181,737.0	IF YES, NUMBER OF YEARS:	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE	0.8%	1.0%	1.0%	ARE INTEREST DEFERMENTS ALLOWED?	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>
				IS LOAN FORGIVENESS ALLOWED?	_____ <input type="checkbox"/> <input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION:

The Housing Assistance Loan Fund BRU is designed to ensure that the maximum number of eligible Alaskans have access to safe, affordable housing of good quality through the delivery of loan funds to the private sector - to meet this objective, the Housing Assistance Division offers to eligible Alaskans Housing Assistance Loan Programs that focus on the development of rural housing stock and the upgrade or conversion of nonconforming housing stock statewide. Borrowers are assisted with mortgage loan applications through seven offices of the Division located in Anchorage, Juneau, Bethel, Dillingham, Nome, Kotzebue and Fairbanks. Direct lending services are also available to qualified borrowers whose loan applications are unattractive to private sector lending institutions.

The administration and delivery of loan funds throughout Alaska assists in meeting the Division's continuous goal of developing safe, affordable, and quality housing for all Alaskan citizens. Economic development is enhanced statewide, regionally and locally through the creation of construction employment opportunities, use of professional services, transportation of materials from supplier to development site, temporary expenditures in local areas by construction laborers and permanent additions to a community of quality housing stock.

**L-2 LOAN
PROGRAM
JUSTIFICATION**

AGENCY DCRA
CATEGORY Economic Development
PROGRAM Development
TITLE Housing Assistance

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0000 BUDGET REVIEW

The improvement of primarily rural housing stock would be a major factor in stabilizing growth of both regional and remote sites through the enhanced quality of life that would result. Stabilization of otherwise transient rural populations in attractive, affordable housing will help communities encourage the future investment that is necessary to develop a healthy diversified economic base for each locale.

As the loan portfolio increases, staff travel needs grow. Current staff activities include assistance with applications, housing inspections, loan closings, and construction management assistance to grant recipients. Further travel funds requested will provide for development of education and information outreach programs within the Division. Such programs will focus on basic mortgage lending information, collection of housing need data and general referral functions by field staff.

The Division believes that the successful transition to future cash economies in rural and remote site communities of Alaska is affected by two factors: (1) loan fund delivery, and (2) an accompanying understanding by resident borrowers or fund recipients of the role such funds play in general economic development of their town, region, state and nation. The request for loan funds contained herein support the plans of this division to contribute to this growth and development in all the smaller Alaskan locations.

The Home Ownership Assistance Fund (HOAF) will consist of money appropriated to it by the legislature. Money in the fund shall be used solely to assist persons of lower and moderate income to purchase single-family homes financed under AS 44.47.460 - 44.47.560 by providing a subsidy to those persons in the amount that is necessary to reduce the annual interest rate paid on the mortgage loan to a minimum of six percent.

Approximately 19% of the Housing Assistance Loan Fund BRU request will be used to fund 159 loans under the HOAF program. The amount required in subsidy funds for FY 85 is \$471,000. Additional funds in the amount of \$145,000 will also be needed in FY 85 to subsidize 98 loans made during FY 84.

A major benefit of the HOAF subsidy is an additional 29.8% of the rural population served by the program. The only positive alternative to a HOAF subsidy would be to lower interest rates for all Housing Assistance loan programs to six percent.

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PROGRAM Development
TITLE Housing Assistance

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Average Loan Size (From L-2 Loan Program Justification)

Housing Financed by the Division falls within one of the following basic categories:

- Rural Owner Occupied - Consists of single family and duplex housing units constructed or purchased in rural Alaska for owner occupancy. Maximum Loan size - \$162,450 for single families and \$207,750 for duplexes.
- Rural Non-owner Occupied - Covers two to sixteen units of housing rehabilitated, constructed, or purchased in rural Alaska for non-owner occupancy (rental). Maximum loan size for this purpose is \$1,250,000.
- Nonconforming - Utilized primarily in urban Alaska for the construction or purchase of nonconventional housing. The maximum loan size under this category is \$162,450 for single families and \$207,750 for duplexes.

Due to the wide range of loan sizes involved in the rural non-owner occupied program and the relative small loan sizes associated with the other two categories, it becomed important to view the Division's average loan size by loan category. FY 83 activity is not shown here as that year did not involve all loan programs administered in FY 84 and FY 85, i.e. HOAF program.

AGENCY DCRA
CATEGORY Economic Development
PROGRAM Development
TITLE Housing Assistance

L2	ADDITIONAL EXPLANATION FORM
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FY 84 AVERAGE LOAN SIZES BY CATEGORY (projected)

Rural Owner Occupied Average Loan Size: \$ 85,000
Rural Non-owner Occupied Average Loan Size: \$250,000
Nonconforming Average Loan Size: \$ 70,000
 FY 84 Combined Average Loan Size: \$ 90,700

FY 85 AVERAGE LOAN SIZES BY CATEGORY (projected)

Rural Owner Occupied Average Loan Size: \$ 87,500
Rural Non-owner Occupied Average Loan Size: \$250,000
Nonconforming Average Loan Size: \$ 72,500
 FY 84 Combined Average Loan Size \$ 92,200

L2	ADDITIONAL EXPLANATION FORM
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AGENCY DCRA
 CATEGORY Economic Development
 PROGRAM Development
 TITLE Housing Assistance

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STATUTORY LOAN RATE

Nonconforming Housing: The interest rate on a mortgage loan originated or in part under AS 44.47.380 for nonconforming housing that is not rural housing is one-quarter percent more than the interest rate, as determined under AS 19.56.098(g)(1)-(4), on a mortgage loan purchased under 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination for purchase of the mortgage loan originated or purchased under AS 44.47.380.

Rural Owner Occupied Housing: The interest rate on a mortgage loan originated or purchased in whole or in part under AS 44.47.380 for rural housing is one percent less than the interest rate, as determined under AS 18.56.098(g)(1)-(4), on a mortgage loan purchased under AS 18.56.098(a) from the proceeds of the most recent applicable issue of taxable bonds before the origination or purchase of the mortgage loan originated or purchased under AS 44.47.380.

Non-Owner Occupied Housing: The interest rate on a mortgage loan for non-owner occupied housing is established in AS 44.47.520(b), and is currently set at 10.5%.

AGENCY DCRA
CATEGORY Economic Development
PROGRAM Development
TITLE Housing Assistance

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INTRODUCTION OF BILLS (House)

HB 648, (cont'd)

Introduced February 13 and referred to Finance.

Teachers' Retirement
(minimum amount)

HOUSE BILL NO. 649, by Rep. Bettisworth. Would raise the minimum amount for eligible members of the Teachers' Retirement System to \$35 a month for each year of credited service (currently \$25), excluding adjustments. Provides Act takes effect July 1, 1984.

Introduced February 13 and referred to Health, Education & Social Services, Finance.

Appropriations
(special)
(state loan & grant programs)

HOUSE BILL NO. 650, by the House Special Committee on State Loans. Makes special appropriations for various state loan and grant programs in the amount of \$190,900,000:

--\$40 million to the Alaska Housing Finance Corporation for the special mortgage purchase program;

--\$22 million to the Alaska Housing Finance Corporation for the Home Ownership Assistance Program;

--\$2 million to the Division of Housing Assistance in the Dept. of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Chugach View Senior Citizen Facility;

--\$7 million to the Division of Housing Assistance in the Dept. of Community and Regional Affairs for grants from the Senior Citizens' Housing Development Fund;

--\$45 million to the Housing Assistance Loan Fund in the Dept. of Community & Regional Affairs for non-conforming, rural and non-owner occupied housing loans, and loans that are subsidized from the Home Ownership Assistance Fund;

--\$5.9 million to the Division of Investments, Department of Commerce and Economic Development: \$2.4 million to the Alternative Technology and Energy Loan program and \$3.5 million to the Commercial Fishing Loan program;

--\$5 million to the Department of Natural Resources for loans from the Agricultural Revolving Loan Fund;

--\$60 million to the Scholarship Revolving Loan Fund;

--appropriates \$500,000 in federal program receipts for student loans and scholarships to the Scholarship Revolving Loan Fund;

--\$1 million to the Rural Electrification Revolving Loan Fund;

--\$500,000 to the Alaska Grain Reserve Loan Fund;

--\$2 million to the Department of Community & Regional Affairs for grants from the low cost and low income multiple family housing

INTRODUCTION OF BILLS (House)

HB 650, (cont'd)

development fund;

Appropriations are for the capitalization of loan and grant funds and do not lapse. Provides Act takes effect immediately.

Introduced February 13 and referred to the House Special Committee on State Loans and Finance.

Unpaid Tax
Liabilities
(collection)

HOUSE BILL NO. 651, by Rep. Cowdery. Under this bill, the Department of Revenue would not be allowed to collect accrued, unpaid civil penalties for late filing or payment or interest required under state law (AS 43.05.220/AS 43.05.225) for a tax liability that accrued under the former state income tax on individuals from a taxpayer who pays the balance of the tax liability on or after July 1, 1984 and before September 29, 1984. Provides Act takes effect July 1, 1984.

Introduced February 13 and referred to Finance.

Games of
Chance &
Skill

HOUSE BILL NO. 652, by Rep. Shultz. See Senate Bill 404, page 166, identical.

Introduced February 13 and referred to State Affairs, Finance.

Court
Facilities
(authority of
supreme ct.)

HOUSE BILL NO. 653, by Reps. Hayes, Barnes, Bussell, Abood, Cato, Cowdery, Flood, Furnace, Larson, Lindauer, Malone, M. W. Miller, Ringstad, Szymanski, Tischer, Uehling, Wendte and Zharoff. See Senate Bill 471, page 303, identical. Also see Senate Bill 377, page 146, similar.

Introduced February 13 and referred to Judiciary, Finance.

Alaska Foreign
Offices
(Korea & Japan)

HOUSE BILL NO. 654, by Reps. Hayes, Bettisworth, Cowdery and Herrmann. Would establish an Alaska foreign office in Seoul, Republic of Korea. Rewrites Executive Order 57 (submitted by Governor Sheffield, see pages 62, 233) to include the Seoul office (the Governor renamed the office and moved it from the Office of the Governor to the Office of Commerce & Economic Development in his executive order), and to reflect the change from one to two offices. Also rewrites section on personnel to require the Commissioner of Commerce & Economic Development to solicit ideas from the legislature regarding desirable staff qualifications and the legislature's recommendations of persons to staff the offices. There are other minor wording changes to the Executive Order. Provides Act takes effect July 4, 1984.

Introduced February 13 and referred to Labor & Commerce, Finance.

Longevity
Bonus Program
(phasing out)

HOUSE BILL NO. 655, by Reps. Hayes, Adams, Szymanski, Cato, Barnes, Malone, Bettisworth, Grussendorf, Cowdery, Furnace, Fuller, Lindauer, Duncan, Martin, Flood, M. W. Miller, Goll, Ringstad, Hurlbert, Shultz, Larson, Uehling, McBride, Ward, M. M. Miller, Abood, Bussell, Fritz, Liska, Wendte and Zharoff. See Senate Bill 474, page 305, identical.

A SPECIAL REPORT ON THE
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND

For the Fiscal Year Ended June 30, 1983

Audit Control Number

10-4170-84-S

*See page 11 for
Balance Sheet
Pages 33-36 for Responses.*

Commissioner, Department of
Natural Resources

Esther Wunnicke

Deputy Commissioners, Department
of Natural Resources:

Juneau
Anchorage

Robert Arnold
James K. Barnett

Agricultural Revolving Loan Fund Board of Directors

Chairman
Member
Member
Member
Member

John P. Messenger
Robert J. Gillas
Steven K. Hamilton
Don Breedon
Dennis D. Green

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PURPOSE OF THE REPORT

In accordance with the provisions of Title 24 of the Alaska Statutes and a special request of the Legislative Budget and Audit Committee, an examination of the Department of Natural Resources, Division of Agriculture, Agricultural Revolving Loan Fund (ARLF) was conducted to:

1. Determine if the financial statements for the 1983 Fiscal Year are fairly presented.
2. Determine the compliance by the ARLF with the applicable State statutes and regulations governing fiscal activities of the Fund.

PURPOSE OF THE REPORT

In accordance with the provisions of Title 24 of the Alaska Statutes and a special request of the Legislative Budget and Audit Committee, an examination of the Department of Natural Resources, Division of Agriculture, Agricultural Revolving Loan Fund (ARLF) was conducted to:

1. Determine if the financial statements for the 1983 Fiscal Year are fairly presented.
2. Determine the compliance by the ARLF with the applicable State statutes and regulations governing fiscal activities of the Fund.

(Intentionally left blank)

ORGANIZATION AND FUNCTION

ARLF was established by AS 03.10.040 for the purpose of providing low interest financing to individual resident farmers, homesteaders, and partnerships or corporations composed of farmers and homesteaders. Capitalization for ARLF has been made by direct appropriations from the General Fund currently totalling \$52,500,000. Total contributions to ARLF are limited by statute to \$75,000,000.

The Commissioner of the Department of Natural Resources in conjunction with the Agricultural Revolving Loan Fund Board is responsible for the administration of the fund. No loans in excess of \$25,000 may be made by the commissioner without the approval of the majority of the Board. See Appendix A for ARLF loan types and terms.

(Intentionally left blank)

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

Improvement is needed in ARLF loan processing system.

In our prior audits (1978-1982), we made several recommendations which addressed the establishment of policies and procedures to improve ARLF loan processing system. The problems noted during those audits included; incomplete applications, deficiencies in the execution of legal documents, violations of statutory limits, lack of insurance, lack of Board approval, and questionable compliance with residency requirements.

Although ARLF has made improvements in its system and pending regulations should clarify loan processing requirements, we found that the problems noted in prior years still exist. A review of 20 new loan files showed:

1. Eleven of the files reviewed did not have completed applications. Pro forma financial statements and evidence of credit checks were missing.
2. The residency status of two of the borrowers was questionable. One of the borrowers residency status was questioned in our prior audit. However, the borrower was given additional loans although the file does not reflect Alaska residency.
3. Four of the files did not contain properly executed security documents.
4. Nine of the files did not contain evidence of insurance on collateral naming ARLF as loss payee. Additionally, four of the applicable files did not contain evidence of a collateral appraisal.
5. Two of the loans reviewed exceeded allowable loan limits. One loan exceeded the statutory limit by \$27,000 and the other exceeded Board approval by \$665. We also found that two loans exceeded the seven year term established by the Board on chattel loans.

In our opinion, the reoccurrence of these errors supports the need for closer supervision and review of the loan examining and loan closing functions. The importance of perfection cannot be overemphasized in light of ARLF's increasing delinquency rate. As of June 30, 1983, there were 234 loans over 30 days delinquent totalling \$15,497,595 (40%). This represents an increase of \$9,284,941 over Fiscal Year 1982 (see Appendix B for loans over 90 days delinquent).

As the delinquency rate increases the possibility of fore-

closure and/or bankruptcy becomes more evident. At that stage, ARLF recovery of the loan balance is based primarily on the adequacy of its loan processing and closing procedures. For instance, if the financing statement securing the collateral pledged by the borrower is not filed timely, ARLF may have to take second position to other creditors in a bankruptcy suit, thereby, jeopardizing its chances of full recovery. More emphasis should be placed on securing and perfecting ARLF's interest in loans during the processing and execution stage.

Recommendation No. 2

ARLF should improve its communications with the Attorney General's (AG) office.

When the collectibility of a loan is questionable due to severe delinquency, fraud, or other reasons, a copy of the loan file is forwarded to the AG's office for legal action. As of June 30, 1983, sixty-six loans totalling \$2,928,138 had been referred to the AG. In our review of these loans, we found in some cases that the borrower's files were not updated with current legal activity. In many cases, it was difficult to determine when the file was forwarded to the AG's office, and the reason for referral. Inquiries of ARLF staff disclosed that no procedures have been established to formalize AG referrals and follow-ups.

According to the AG's office, processing of files is sometimes delayed as a result of the time required to interpret the file. Information identifying the problems encountered by ARLF with the borrower and the preferred course of action is not readily available.

ARLF, in conjunction with the AG's office, should establish procedures for processing and following-up on loans needing legal action. A loan profile summary should also be developed to include the following:

1. A brief summary of the problems outlining the sequence of events and contact with the borrower.
2. Outstanding loan amounts.
3. Date of last payment.
4. Type of collateral securing the loan(s).
5. Estimate of collectibility (see Recommendation No. 3).
6. Proposed legal action.

The profile summary should be utilized by ARLF staff in file presentations for Board action, and in the transmittal of

loan files to the AG's office. In addition, the loan files should be updated periodically with a status report describing AG action to date.

Recommendation No. 3

ARLF should perform an annual collectibility analysis of its loans receivable.

ARLF's increasing delinquency rate emphasizes the need for an accurate estimation of the allowance account to ensure a fair presentation of loans receivable and loan loss expense in its financial statements.

We recommend that ARLF review all delinquent loan files annually and make an assessment of the outstanding loan amount which is unlikely to be collected. To aid ARLF in this assessment, an aging schedule of loans receivable should be prepared. Aging involves an analysis of each loan to determine the amount not yet due, moderately past due and considerably past due. Classification of the amounts by age (i.e. current, 30 days, 60 days, 90 days, 6 months, etc.) is deemed important because experience has shown that the older the account the higher the probability of uncollectibility. Thus, loans greater than one year past due should be reviewed closely. Consideration should also be given to those loans which were refinanced, reamortized, or extended during the year for inclusion in the analysis.

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THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

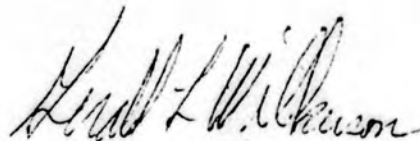
JUNEAU, ALASKA 99811

October 31, 1983

Members of the
Legislative Budget and Audit Committee:

We have examined the Balance Sheets of the Agricultural Revolving Loan Fund as of June 30, 1983 and 1982, and the related statements of Revenues, Expenses, and Changes in Retained Earnings, and Changes in Financial Position for the years then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Agricultural Revolving Loan Fund as of June 30, 1983 and 1982, and the results of operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principals applied on a consistent basis.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
COMPARATIVE BALANCE SHEET
June 30, 1983 and 1982

	<u>1983</u>	<u>1982</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash in Transit	\$ 429,053	\$ 260,474
Cash in Treasury	16,892,310	11,645,781
Accrued Interest Receivable	2,179,223	1,209,522
Appropriation Receivable	<u>-0-</u>	<u>10,000,000</u>
<u>Total Current Assets</u>	<u>19,500,586</u>	<u>23,115,777</u>
<u>Loans Receivable</u>		
Agricultural Loans Receivable	38,285,019	33,119,263
Irrigation Loans Receivable	<u>324,376</u>	<u>344,946</u>
Subtotal	38,609,395	33,464,209
Less: Loans Sold to State Treasurer	(1,067,664)	(1,203,415)
Allowance for Uncollectible Loans	<u>(2,120,465)</u>	<u>(1,318,675)</u>
Net ARLF Loans Receivable	35,421,266	30,942,119
Loans in Progress	406,677	521,210
Repossessed Property	68,607	44,225
Kodiak Slaughterhouse Loan	133,293	134,451
Alaska Farmers' Cooperative Loan	<u>1,350,000</u>	<u>1,000,000</u>
<u>Total Loans Receivable (Long-Term)</u>	<u>37,379,843</u>	<u>32,642,005</u>
<u>Office Furniture and Equipment</u>		
At Cost	21,429	9,635
Less: Accumulated Depreciation	<u>(3,239)</u>	<u>(2,467)</u>
<u>Total Office Furniture and Equipment</u>	<u>18,190</u>	<u>7,168</u>
<u>Total Assets</u>	<u>\$56,898,619</u>	<u>\$55,764,950</u>
<u>Liabilities and Fund Balance</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 40,490	\$ 65,611
Interest Payable	<u>9,566</u>	<u>6,597</u>
<u>Total Current Liabilities</u>	<u>50,056</u>	<u>72,208</u>
<u>Other Liabilities</u>		
Due to the General Fund	<u>1,483,293</u>	<u>1,134,451</u>
<u>Fund Balance</u>		
Contributions from General Fund	52,500,000	52,500,000
Retained Earnings	<u>2,865,270</u>	<u>2,058,291</u>
<u>Total Fund Balance</u>	<u>55,365,270</u>	<u>54,558,291</u>
<u>Total Liabilities and Fund Balance</u>	<u>\$56,898,619</u>	<u>\$55,764,950</u>

The Notes to the Financial Statements are an integral part of this Statement.

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STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Years Ended June 30, 1983 and 1982

	<u>1983</u>	<u>1982</u>
<u>Revenues</u>		
<u>Interest Income</u>		
Agricultural Loans	\$2,028,964	\$1,602,725
Irrigation Loans	12,685	15,809
Kodiak Slaughterhouse Loan	<u>5,342</u>	<u>5,378</u>
<u>Total Interest Income</u>	2,046,991	1,623,912
<u>Other Income</u>	<u>18,369</u>	<u>24,809</u>
<u>Total Revenues</u>	<u>2,065,360</u>	<u>1,648,721</u>
<u>Expenses</u>		
<u>Administrative Expenses</u>		
Loan Losses	803,342	549,054
Personal Services	353,101	277,204
Travel and Per Diem	44,652	30,277
Contractual Services	46,519	35,632
Commodities	9,995	4,324
Depreciation	<u>772</u>	<u>489</u>
<u>Total Expenses</u>	<u>1,258,381</u>	<u>896,980</u>
<u>Net Income</u>	806,979	751,741
<u>Retained Earnings, July 1</u>	<u>2,058,291</u>	<u>1,306,550</u>
<u>Retained Earnings, June 30</u>	<u>\$2,865,270</u>	<u>\$2,085,291</u>

The Notes to the Financial Statements are an integral part of this Statement.

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STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Fiscal Years Ended June 30, 1983 and 1982

	1983	1982
<u>Sources of Working Capital</u>		
<u>Operations</u>		
Net Income	\$ 806,979	\$ 751,741
<u>Items not Requiring Working Capital</u>		
Depreciation Expense	772	489
Loan Loss Expense	803,342	549,054
<u>Working Capital from Operations</u>	<u>1,611,093</u>	<u>1,301,284</u>
<u>Sale of Repossessed Property</u>	<u>23,618</u>	<u>-0-</u>
<u>Contributions from General Fund</u>	<u>-0-</u>	<u>24,000,000</u>
<u>Total Sources of Working Capital</u>	<u>1,634,711</u>	<u>25,301,284</u>
<u>Uses of Working Capital</u>		
Increase in Repossessed Property	48,000	-0-
Net Increase in Loans Receivable	5,495,580	10,959,384
Decrease in Loans Sold to State Treasurer	135,751	93,005
Loans in Progress	(114,533)	(3,306,352)
Increase in Equipment	11,794	2,862
Increase in Due to the General Fund	(348,842)	-0-
<u>Total Uses of Working Capital</u>	<u>5,227,750</u>	<u>7,748,899</u>
<u>Net Increase (Decrease) in Working Capital</u>	<u>\$ (3,593,039)</u>	<u>\$17,552,385</u>
 <u>Elements of Net Increase (Decrease)</u> <u>In Working Capital</u>		
<u>Increase (Decrease) in Current Assets</u>		
Cash in Transit	\$ 168,579	\$ 222,324
Cash in Treasury	5,246,529	6,848,068
Accrued Interest Receivable	969,701	539,096
Appropriation Receivable	(10,000,000)	10,000,000
<u>Total Increase (Decrease) in Current Assets</u>	<u>(3,615,191)</u>	<u>17,609,488</u>
<u>(Increase) Decrease in Current Liabilities</u>		
Accounts Payable	25,121	(56,202)
Accrued Interest Payable	(2,969)	(901)
<u>Total (Increase) Decrease in Current Liabilities</u>	<u>22,152</u>	<u>(57,103)</u>
<u>Net Increase (Decrease) in Working Capital</u>	<u>\$ (3,593,039)</u>	<u>\$17,552,385</u>

The Notes to the Financial Statements are an integral part of this Statement.

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STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 1983 and 1982

Note 1 - Summary of Significant Accounting Policies of the
Agricultural Revolving Loan Fund

Alaska Statute 37.05.150 requires accounting policies to be in accordance with generally accepted principles of governmental accounting. The following is a summary of significant policies applicable to the Agricultural Revolving Loan Fund (ARLF), an Enterprise Fund.

A. Basis of Accounting

The ARLF annual financial statements are prepared on an accrual basis of accounting. Accrual accounting provides that:

1. Revenues are reported when earned.
2. Expenses are reported based upon a direct association with specific revenues or when the obligation to pay is incurred.
3. Furniture and equipment is stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

B. Interest of Loans

The accrual of interest income on loans is discontinued when, in management's opinion, there is doubt as to the collectibility of such income.

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THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

JUNEAU, ALASKA 99811

October 31, 1983

Members of the
Legislative Budget and Audit Committee:

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in Appendixes A and B is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements; and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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APPENDIXES

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APPENDIX A

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
TYPE OF LOANS AND TERMS
For the Fiscal Year Ended June 30, 1983

Loan Types and Terms

As specified by AS 03.10.030, the following six types of loans are made:

<u>Type</u>	<u>Current Limit</u>	<u>Rate</u>	<u>Interest Terms</u>	<u>Purpose</u>
Short-term	\$200,000	Not addressed	1 year	Operation of farm
Chattel		(Note 1)	30 years	Animals, equipment
Farm Development	Total outstanding balance may not exceed \$1,000,000 when added to other loans		30 years	Land, improvements, buildings
Irrigation			30 years	Irrigation equipment
Farm Product Processing	\$250,000	Not less than 8%	30 years	Processing of agricultural products
Land Clearing	\$250,000	Not less than 8%	20 years	Clear land for planting

Note 1: Chapter 113, SLA 1982, effective June 25, 1982, amended the statutory interest rate to not less than eight percent or more than commercial rate, unless the commercial rate is eight percent or less. The Commissioner may establish interest rates for loans within these statutory guidelines.

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APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
Alamasu	S-1161	\$99,381	\$	\$
	C-875		71,000	
	C-965		2,500	
	F-439		29,000	
	F-458		50,000	
	F-481		100,000	
Alaska Crop	C-750	12,669		
Alaska Fur	S-1151		50,000	
	C-930		90,000	
	F-487		60,000	
Bannon A.	S-1008			80,000
	S-1041			7,000
	S-1051			100,000
	S-1104		13,000	
	C-753			300,000
	F-392			508,012
Bannon J.	S-1058			50,000
	S-1120		55,000	
	S-1148		19,000	
	C-836			300,000
Beaver	S-1068	6,000		
	C-849			84,603
	C-850			21,800
Boyd	S-1113		50,000	
	F-409			44,343
Brasier	F-442		120,901	
Brehmer	C-928		299,934	
	F-475		131,358	

APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
Carney	F-210	\$	\$ 62,880	\$
	F-281		65,389	
	IR-33		10,915	
Carpenter	S-1012			6,849
Crook	C-943	6,000		
Crowson	S-1127		19,000	
	S-1146		60,650	
	C-860			110,380
	C-867		54,000	
	F-543		83,250	
Daugherty	C-805		19,851	
	F-495			19,664
Delta	S-1101		32,811	
	C-864		16,000	
	C-918		107,460	
DePriest	F-511	43,414		
Ditchen, C.	F-443			500,000
	IR-67			90,000
Ditchen J.	F-444		260,169	
Emery	C-911		36,750	
Engellant	S-1166	75,634		
	C-949	32,000		
Fett	S-1007			114,907
	C-744	34,871		

APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
Golden Valley	S-1103	\$	\$ 59,055	\$
	C-909		160,000	
	F-438		236,230	
Gordon	S-1157		1,177	
	C-878			3,200
Heather Farms	S-1126		101,000	
	C-917		72,773	
	F-460		119,000	
Heaton	C-1001	168,630		
	F-550	599,994		
Hinns	S-1071			39,000
	S-1136		16,604	
Hohn	S-957			2,700
Ingalls	C-820			40,723
Jacobson	C-951	21,680		
Jenn	C-654	34,441		
	C-767	114,859		
	C-859	38,427		
	C-1002	62,232		
	F-361	166,282		
	F-366	169,184		
Jurgens	F-416			16,062
Karr	S-1037			66,522
	C-743		115,320	
	C-822			37,500

APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
Keaster	C-765	\$	\$ 52,822	\$
	C-874		21,000	
Kilmurray	S-1006			49,028
	S-1042			20,000
	S-1044			50,000
	C-748			36,000
	C-809			36,938
Kodiak Cattle	S-1156	40,000		
	C-721	220,000		
Lasley	S-1119		162,000	
	S-1133		29,000	
	C-862			36,000
	C-922		8,000	
	F-462		95,000	
Lewis	F-483		220,000	
Lizardi	C-893		10,000	
	F-404		4,491	
Longnecker	C-833		22,361	
	F-407		60,088	
McKee	S-1154	30,000		
	F-504	146,956		
Magee	S-895			16,500
Mead	S-963			5,000
Merry	S-1105		20,000	
	C-854		47,883	
Mitchell	C-863		293,113	

APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
Muth & Sons	F-252	\$	\$	\$ 67,127
	F-318			113,935
O'Donnell	C-988	8,966		
Olson A.	S-1137		3,500	
Olson M.	S-1032			33,175
	S-1043			5,000
	C-669		5,595	
	C-756			257,784
	F-293	2,325		
	F-377			9,484
	F-398			53,000
Peninsula Greenhouse Inc.	C-948	301,132		
	F-317		181,845	
	F-362			290,059
Porter	F-485		19,034	
Richards	S-1018			15,000
Risse	S-1155	33,297		
Robertson B.	S-1128		26,000	
	C-742			46,649
Sandvik	F-346	21,366		
Saylor	S-1139		80,000	
	C-915		76,037	
	F-470		98,685	
Scweigert	C-817		21,271	
	C-993		20,142	

APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
Shoen	S-1099	\$	\$ 9,582	\$
Sparks	C-755			4,742
Stratman	S-1075			5,179
Taggo	S-1117		43,915	
Thomas A.	C-636			6,000
Wessel Weiland Farm	S-1056 S-1083			3,000 10,000
Willard	S-997 C-606 C-710 F-360			10,000 32,233 25,701 11,507
<u>Attorney General Referrals:</u>				
Gilliland	F-373 F-731			8,600 43,804
Hartman	F-376			130,324
Joyce	S-1049 C-719			15,000 7,000
Kachelmier	C-668			47,278
Miller T.	S-910 S-941 S-1026 C-648 F-232 F-341			23,386 1,530 52,249 100,000 137,464 10,000

APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
<u>Attorney General Referrals (continued)</u>				
Nash	S-932	\$	\$	\$15,318
Pedrick	S-859			8,711
	S-867			15,000
Schenk	S-1019			16,296
	S-1118		50,000	
	S-1120		6,500	
	C-766			21,700
	C-793			12,000
	C-811			2,000
	C-837			27,000
	C-843			93,400
	C-885		55,500	
	C-966		6,500	
	F-401			98,500
Smith	F-445		55,000	
	S-918			11,600
	S-928			8,500
	C-661			19,500
	C-682			6,000
Burkett	C-773			5,723
Bearson	S-1219	6,000		
Far North Apiaries	C-684			25,212
OHM	C-512			22,115
	F-220			37,000
	F-228			16,000
	F-244			40,000
	F-266			32,103
	IR-23			79,989

APPENDIX B

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF AGRICULTURE
AGRICULTURAL REVOLVING LOAN FUND
SCHEDULE OF DELINQUENT LOANS
AS OF JUNE 30, 1983

<u>Borrower</u>	<u>Loan Number</u>	<u>Delinquent Balance</u>		
		<u>Over 90 days</u>	<u>6 months To 1 year</u>	<u>Over 1 year</u>
<u>Attorney General Referrals (continued)</u>				
Schmidt	C-921	\$	\$	\$ 107,500
Spears	S-987			130,316
	S-1076			100,000
	C-663			21,836
	C-717			80,000
	C-803			150,000
	C-823			6,000
	C-899		18,000	
	F-355			30,987
	F-358			35,000
	F-376			27,000
	F-378			22,500
	F-405			33,000
<u>Total</u>		<u>\$2,495,740</u>	<u>\$4,674,861</u>	<u>\$3,126,300</u>

SUMMARY OF DELINQUENT LOANS

<u>Age of Delinquency</u>	<u>Number of Loans</u>	<u>Amount</u>
Over 30 days (not listed above)	42	\$ 5,200,694
Over 90 days	27	2,495,740
6 months to 1 year	69	4,674,861
Over 1 year	<u>96</u>	<u>3,126,300</u>
<u>Total</u>	<u>234</u>	<u>\$15,497,595</u>

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES

POUCH M
JUNEAU, ALASKA 99811
PHONE: 907-485-2400

OFFICE OF THE COMMISSIONER

February 3, 1984

Mr. Gerald Wilkerson, CPA
Legislative Auditor
Pouch W
Juneau, AK 99811

Re: Preliminary Audit Report
Agricultural Revolving Loan Fund

Dear Mr. Wilkerson:

I was pleased to see that the Division of Legislative Audit determined that substantial improvements have been made in the ARLF over the last year. I realize that it is imperative that we strengthen procedures as the loan fund increases in capitalization and complexity, and you can be assured that I will personally track the implementation of your recommendations and other changes my staff has recommended.

We have reviewed your findings and offer the following specific comments:

Recommendation No. 1: Improvement is needed in ARLF loan processing system.

1. Eleven of the files reviewed did not have completed applications. Pro forma financial statements and evidence of credit checks were missing.

Of the eleven files in question, we concur that six of the applications should have been more complete. Tighter review procedures and submission deadlines initiated over the last half of the audit period should virtually eliminate this problem in the future.

Five applications are considered complete by ARLF. During the period being audited, the application form was revised. A short form version was approved by the ARLF Board and Director as an acceptable application for borrowers having filed a complete application and financial statement within the previous year. The ARLF manual will be brought up to date to reflect this new procedure over the next 45 days. This should eliminate the problem identified by the auditor.

Our review of these files showed no financial statements missing, but there was one instance which was not written on the application form, but rather was submitted on a separate paper.

February 3, 1984

Credit checks have not been routinely done on existing borrowers in good standing. During the period being audited, credit checks were intermittently ordered on new borrowers if they were not known in the farming community. It is now routine ARLF practice to order credit checks on all new borrowers. Existing borrowers will continue to be checked only if existing loans are delinquent.

2. The residency status of two of the borrowers was questionable. One of the borrower's residency status was questioned in our prior audit. However, the borrower was given additional loans although the file does not reflect Alaska residency.

We concur that two borrowers had questionable residency status at the time of application. One borrower was identified in your last audit as having questionable residency. However, at the time of this application, he was clearly a resident as defined in AS 03.10.020(1). The second borrower did have an Alaska address, but no further documentation.

The ARLF has subsequently obtained the Attorney General's recommendations for proof of residency requirements, established standards for use in determination of residency, and has corrected this problem.

3. Four of the files did not contain properly executed security documents.

We concur that three of the four files had improperly executed security documents. Two of these were subsequently corrected. A procedure was established to file a preliminary security document with UCC showing no serial numbers and then to subsequently refile when actual serial numbers are received. All UCC filings have been now corrected. The fourth file appears to have had security documents properly filed. All security documents are now properly executed. Establishment of a central closing procedure was implemented in the middle of the audit period and should minimize recurrence of this problem.

4. Nine of the files did not contain evidence of insurance on collateral naming ARLF as loss payee. Additionally, four of the applicable files did not contain evidence of a collateral appraisal.

The 1982 audit indicated that ARLF should require proof of insurance on loan collateral, naming ARLF as loss payee. We replied that we prefer to continue to allow the Board the latitude to make its own determination. We still maintain that view. The Board has the authority to require additional coverage such as life insurance when it deems it necessary. However, we believe the decision as to whether insurance should be required on certain types of equipment or buildings should be a prerogative of the Board based upon its knowledge of the loan,

February 3, 1984

location, etc. The ARLF did indicate in the last audit response that criteria would be developed for the insurance decision and that the Board would make a finding in each case. This has not been done consistently. The ARLF board will develop criteria and written policy by April 1, 1984.

Collateral appraisals are generally performed by the loan examiner and are not always considered necessary by the ARLF when other information on estimated value is available. Collateral being appraised, type of appraisal and loan to value ratios are now included on the Board report form.

5. Two of the loans reviewed exceeded allowable loan limits. One loan exceeded the statutory limit by \$27,000 and the other exceeded Board approval by \$665. We also found that two loans exceeded the seven year term established by the Board on chattel loans.

The loan which appeared to exceed the statutory limit by \$27,000 was not an operating loan. The minutes and Board Report both indicate that it was approved as a chattel loan, but it was ordered and closed by the examiner as an operating loan. The file has now been corrected. It does not, in fact, exceed the statutory limit for its proper category.

The two chattel loans made for longer than seven years did not, in fact, violate statutory authority or board policy in effect at the time. However, they were written by staff in excess of the term authorized by the Board for those specific loans. The new central closing system was established to minimize these errors.

Recommendation No. 2: ARLF should improve its communications with the Attorney General's Office.

Prior to the audit, the Board had formulated and implemented procedures similar to those recommended by the auditor. The ARLF Board now instructs the staff to summarize loan status and actions when referrals are made to the Attorney General's Office. We believe these new procedures will resolve the problems identified by the auditor.

Recommendation No. 3: ARLF should perform an annual collectibility analysis of its loans receivable.

In the past, the collectibility analysis of loans was performed as part of the audit. In the future, the ARLF will perform the analysis annually prior to the audit.

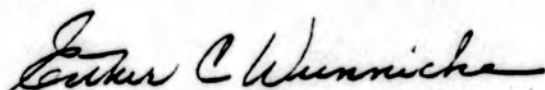
February 3, 1984

Although the recurrence of errors in loan examining and closing procedures is a major concern to me, I am pleased to note that none of these errors occurred after the new central loan closing procedures were fully implemented in the middle of the audit period.

I further realize that because the ARLF Policies and Procedures Manual had not been updated, pending adoption of the new regulations, it was difficult for the auditor to determine acceptable procedures in some cases, i.e. use of the short form. As stated, the manual will be updated in the next 45 days.

We concur with your expressed desire to see continued close supervision of the loan examining and closing functions; and we are now considering further actions to improve this process.

Sincerely,



Esther C. Wunnicke
Commissioner

cc: Bill Heim, Director
Division of Agriculture

Dean Brown, Deputy Director
Division of Agriculture

James K. Barnett
Deputy Commissioner

Robert D. Arnold
Deputy Commissioner

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENOTE

House Special Committee on State Loans

CS for Senate Bill 461 (Resources)

"An Act relating to the management and use of water in mining; and providing for an effective date."

This bill establishes a Mining Water Use Review Committee with responsibility for reviewing and making recommendations on applications for grants and loans for three basic reasons for the placer mining industry, either economic benefits to the industry, environmental benefits to the public, or other specific benefits.

The members of the Committee are the Commissioner of Natural Resources, the Commissioner of Environmental Conservation, the Dean of the School of Mineral Industry at the U of A., two individuals with placer mining experience, and one public member.

The Commissioner of Natural Resources is responsible for administering the innovative gold recovery demonstration grant program and the placer mining water reduction loan program established under AS 46.16 and the Commissioner of Environmental Conservation shall administer the innovative pollution control demonstration grant and the placer mining water recycling loan program established under the same Statute.

The innovative gold recovery program is a direct grant program designed to give a person engaged in placer mining the opportunity to study and test new methods of gold recover and water use reduction. It has certain eligibility requirements and a cap of \$100,000. The placer mining water reduction program has a cap of \$50,000 for a loan and 50% may be considered as a grant if there is evidence of a 50% reduction in the amount of water used in the placer mining operation. If there is evidence of an 80% reduction than the entire loan may be considered a grant. The interest rate under this program would not exceed 10%.

The innovative pollution control demonstration program is a direct grant program for persons engaged in placer mining to study and test innovative and economically viable mining techniques for waste disposal and pollution control. It has a cap of \$100,000 per loan.

The placer mining water recycling program is a loan and grant program for purchase and testing of equipment that "reasonably offers the possibility of recycling the water used in placer mining." It has the same grant provisions as that of the water reduction program.

SB 462 would provide for a Special Appropriation of \$4,000,000 for the Mining Water Use Board and the various programs reviewed by it.

SCS for HB 650 (Resources) contains an appropriation of \$2,000,000 for the innovative gold recovery grant program and the placer mining water reduction loan program.

SB461 is in Senate Rules, the Senate Finance Committee has recommended the Resources Committee substitute.

SB462 is in Senate Finance, and is ready for Committee action, but not scheduled as yet.

SCS for HB650 is in Senate Finance, and has not been "assigned" as yet.

/as 5/10/84

DRAFT

<u>Funding Information</u>	
General Fund	91,275,000
Other Funds	1,375,000
	<u>92,650,000</u>

IN THE SENATE

BY THE RESOURCES COMMITTEE

SCS FOR CS FOR HOUSE BILL NO. 650 (Resources)
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE - SECOND SESSION
A BILL

For an Act entitled: "An Act making special appropriations for certain state loan and grant programs; and providing for an effective date.

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

* Section 1. The sum of \$65,000,000 is appropriated from the general fund to the housing assistance loan fund in the Department of Community and Regional Affairs for non-conforming, rural and non-owner occupied housing loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the home ownership assistance fund (AS 44.47.382).

* Sec. 2. The sum of \$10,000,000 is appropriated from the general fund to the Department of Natural Resources for loans from the agricultural revolving loan fund (AS 03.10.040).

* Sec. 3. The sum of \$2,000,000 is appropriated from the general fund to the Department of Natural Resources for the innovative gold recovery demonstration grant program and the placer mining water reduction loan program.

grant depends on success

* Sec. 4. The sum of \$2,000,000 is appropriated from the general fund to the Department of Environmental Conservation for the innovative pollution control demonstration grant program and the placer mining water recycling loan program.

* Sec. 5. The sum of \$1,200,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Angoon.

* Sec. 6. The sum of \$1,000,000 is appropriated from the general fund to the Division of Housing Assistance in the Department of Community and Regional Affairs for a grant from the Senior Citizens' Housing Development Fund for the Tlingit-Haida Housing Authority Senior Citizen Facility at Klawock.

* Sec. 7. The sum of \$275,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to the City of Thorne Bay for the purchase and upgrade of the existing electric system in Thorne Bay.

* Sec. 8. The sum of \$1,100,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to a qualified borrower to construct the Craig-Klawock electrical intertie.

* Sec. 9. The sum of \$10,000,000 is appropriated from the general fund to the division of investments, Department of Commerce and Economic Development, for the fisheries enhancement loan program (AS 16.10.500 - 16.10.620).

* Sec. 10. The appropriations made by this Act are for the capitalization of loan and grant funds and do not lapse in accordance with AS 37.25.010.

* Sec. 11. This Act takes effect immediately in accordance with AS 01.10.070(c).

Alaska State Legislature

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



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

Senate

Committee on Resources

SCS CS HB 650 (Resources)

Section 1 appropriates \$65 million (an increase over \$45 million contained in HB 511) for the Housing Assistance Loan Fund, which provides money to originate and purchase loans for rural housing and nonconforming urban housing. Based on past fiscal years' activities and loans in progress, the Department of Community and Regional Affairs projects financing approximately 726 new loans in FY 85, with \$65 million in new appropriation and \$1.95 in repaid principal and payoffs.

Sec. 2 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Agricultural Revolving Loan Fund. State agricultural land sale contracts include development requirements, for which loans from commercial sources are generally not available. The Department of Natural Resources anticipates loan demand of \$35 million in FY 85. As of April 25, 1984, \$12.7 million was available for loans from the fund.

Sec. 3 and 4 appropriate \$2 million to DNR for the innovative gold recovery grant program and the placer mining water reduction loan program, and \$2 million to DEC for the innovative pollution control grant program and the placer mining water recycling program. These programs will urge the development of new methods and procedures for gold recovery as a long range solution to the placer mining/water quality issue, and provide a source of needed information for making management decisions.

Sec. 5 and 6 provide funds for construction grants for senior citizen facilities in Klawock and Angoon. Both projects have received planning grants from the Senior Citizens' Housing Development Fund. Both projects have applied for HUD grants, which would provide a portion of the construction funds.

Sec. 7 appropriates \$275,000 as a loan for the purchase and upgrade of the existing electrical system in Thorne Bay. This community is dependent on diesel generation. The current generator has a six-month useful life remaining; no back-up system is available. This project has received a favorable recommendation from the Alaska Power Authority.

Sec. 8 appropriates \$1.1 million as a loan for construction of the Craig - Klawock electrical intertie. The tieline would allow the City of Craig to utilize the available excess capacity from Klawock's powerplant. This project has received a favorable recommendation from APA.

Sec. 9 appropriates \$10 million (an increase over \$5 million contained in HB 511) to the Fisheries Enhancement Loan Program, which provides loans for private non-profit hatcheries. The Department of Commerce and Economic Development anticipates loan demand of \$11.6 million in FY 85. The fund's current balance is \$11 million. A \$10 million loan currently in process will reduce the fund's balance to \$1 million.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

POUCH D
JUNEAU, ALASKA 99811
PHONE: 465-2500

OFFICE OF THE COMMISSIONER

May 1, 1984

MAY 1 1984

Honorable Rick Uehling
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Uehling:

Enclosed is a copy of a Letter of Agreement between the Department of Commerce and Economic Development and the Department of Community and Regional Affairs concerning the recently-implemented Outreach Program for State Loans. The outreach program is designed to improve the availability of information and service of the State loan programs throughout Alaska.

The Department of Commerce and Economic Development and the Department of Community and Regional Affairs have begun a coordinated effort to prepare a State loan pamphlet that will be on display in both departments' offices statewide. The pamphlet will contain a brief, one-page description of each State loan program and a contact person and agency name for information on each specific program. Loan application forms and brochures for all programs will also be available in the departments' eleven offices statewide.

All departments currently administering State loan programs have been asked to help us prepare the information for inclusion in the State loan pamphlet. The pamphlet is tentatively scheduled to be on display by the end of May. Additionally, a copy of the State loan pamphlet will be mailed to all incorporated and unincorporated communities for their information.

The Department of Commerce and Economic Development and the Department of Community and Regional Affairs will be coordinating travel schedules and will provide bilingual and translator services. Cross-training of both departments' personnel on all State loan programs will be conducted in late June.

Representative Uehling

-2-

May 1, 1984

The State is pleased to implement this outreach program and believes it will increase public awareness of the loan programs available to all Alaskans. If you have any questions concerning the Outreach Program for State Loans, please contact the Department of Commerce and Economic Development or the Department of Community and Regional Affairs.

Sincerely,

A handwritten signature in black ink, appearing to read 'RAL', with a long horizontal stroke extending to the right.

Richard A. Lyon
Commissioner

RAL/mst2/5
042684b

Enclosure

STATE OF ALASKA
LETTER OF AGREEMENT
OUTREACH PROGRAM FOR STATE LOANS

The Department of Commerce and Economic Development and the Department of Community and Regional Affairs have developed a cooperative agreement for a coordinated Outreach Program for State loans. This program is designed to improve the availability of information concerning all State loan programs and to improve the service of the loan programs throughout Alaska.

The success of the Outreach Program for State loans is dependent upon the cooperative efforts of both departments. Therefore, we agree to the following objectives:

- 1) To prepare a State Loan Pamphlet that includes a brief, one-page description for all State loan programs;
- 2) To display the State Loan Pamphlet in the Department of Commerce and Economic Development's and the Department of Community and Regional Affairs' statewide offices;
- 3) To mail the State Loan Pamphlet to all incorporated and unincorporated communities in the State;
- 4) To display loan application forms or brochures for all State loan programs in the Department of Commerce and Economic Development and the Department of Community and Regional Affairs' statewide offices;
- 5) To establish a procedure for maintaining current information in the State Loan Pamphlet and for obtaining current loan application forms or brochures;
- 6) To develop training materials and a schedule for cross-training Department of Commerce and Economic Development and Department of Community and Regional Affairs' personnel on all State loan programs;
- 7) To provide bilingual and translator services, upon request and as staff schedules will allow, in the rural communities;
- 8) To coordinate travel in the regional centers between departments by exchange of monthly travel plans, including weekly amendments to such travel plans;

- 9) To develop a timetable for implementation of the Outreach Program for State loans; and
- 10) To provide the necessary funds to cover the costs incurred by each department for implementing and maintaining the outreach program, such as costs of display cases, printing, mailing, travel, and training.

Specific details necessary to implement the above elements of the Outreach Program for State loans will be determined by joint agreement of the Division of Investments, Department of Commerce and Economic Development, and the Division of Housing Assistance, Department of Community and Regional Affairs. Any unresolved policy questions concerning implementation or administration of the outreach program will be forwarded to the Commissioners of both departments for resolution.

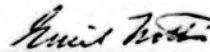
This Letter of Agreement outlines the scope of each department's role in implementing the Outreach Program for State loans, the responsibilities of each department in administering the program, and the working relationship between the departments in coordination of this effort. The Outreach Program for State loans will be effective immediately.



Richard A. Lyon
Commissioner
Department of Commerce and
Economic Development

4.16.84

Date



Emil Notti
Commissioner
Department of Community and
Regional Affairs

4/16/84

Date

LOANS BUDGET SUMMARY
(Stated in Thousands \$)

DEPARTMENT/Program	FY 84 Adjusted	FY 85 Governor	FY 85 Governor Amended	FY 85: HB 650	FY 85: CSHB 650 (Loans)
COMMERCE AND ECONOMIC DEVELOPMENT					
Fisheries Enhancement	6,500.0	0.0	5,335.0	0.0	5,000.0
Commercial Fishing	9,091.0	3,500.0	3,500.0	3,500.0	3,500.0
Alt. Tech & Energy	2,400.0	5,100.0	5,100.0	2,400.0	1,000.0
Rural Electrification	1,000.0	1,000.0	1,000.0	1,000.0	0.0
Power Project Fund					
Seward	0.0	0.0	0.0	0.0	0.0
Homer	0.0	0.0	0.0	0.0	0.0
Thorne Bay	0.0	0.0	275.0	0.0	0.0
Craig/Klawock	0.0	0.0	1,110.0	0.0	0.0
DEPARTMENT TOTAL	<u>18,991.0</u>	<u>9,600.0</u>	<u>16,320.0</u>	<u>6,900.0</u>	<u>9,500.0</u>
EDUCATION					
Student Loan Program	60,000.0	65,450.0	65,450.0	60,000.0	60,000.0
Student Loan					
Federal Receipts	850.0	500.0	500.0	500.0	500.0
DEPARTMENT TOTAL	<u>60,850.0</u>	<u>65,950.0</u>	<u>65,950.0</u>	<u>60,500.0</u>	<u>60,500.0</u>
NATURAL RESOURCES					
Agricultural RLF	10,000.0	13,000.0	11,622.2	5,000.0	5,000.0
Grain Reserve Fund	1,582.4	1,000.0	500.0	500.0	500.0
DEPARTMENT TOTAL	<u>11,582.4</u>	<u>14,000.0</u>	<u>12,122.2</u>	<u>5,500.0</u>	<u>5,500.0</u>

HB-663 →
 HB-665 - 700-

LOANS BUDGET SUMMARY
 (Stated in Thousands \$)
 (continued)

DEPARTMENT/Program	FY 84 Adjusted	FY 85 Governor	FY 85 Governor Amended	FY 85: HB 650	FY 85: CSHB 650 (Loans)
REVENUE					
Alaska Housing Finance Corporation					
Special Mortgage	6,801.0	71,000.0	0.0	40,000.0	0.0
Mobile Home Loans	0.0	34,000.0	0.0	0.0	0.0
Revolving Fund	0.0	0.0	16,000.0	0.0	16,000.0
Home Ownership	42,250.0*	0.0	0.0	22,000.0	0.0
DEPARTMENT TOTAL	49,051.0	105,000.0	16,000.0	62,000.0	16,000.0
COMMUNITY AND REGIONAL AFFAIRS					
Housing Assistance Loan Fund					
	45,000.0	65,000.0	65,000.0	45,000.0	45,000.0
Chugach View Srs.	10,000.0	0.0	0.0	2,000.0	2,000.0
Norton Sound Srs.	0.0	0.0	0.0	0.0	2,000.0
Statewide Senior Citizen Housing	0.0	0.0	0.0	7,000.0	7,000.0
Low cost/Low income Multiple family					
	0.0	0.0	0.0	2,000.0	5,000.0
DEPARTMENT TOTAL	55,000.0	65,000.0	65,000.0	56,000.0	61,000.0
<hr/>					
TOTALS	\$195,474.4	\$259,550.0	\$175,392.2	\$190,900.0	\$152,500.0

*This figure includes:

- 22,750.0 GF
- 16,500.0 from Small Business Loan Program
- 2,700.0 from Tourism Revolving Loan Program



Alaska State Legislature

HOUSE CALENDAR

OFFICIAL BUSINESS OF THE HOUSE

EIGHTY-SIXTH DAY

Tuesday

Reverend Duane Minkler
First Church of God

April 3, 1984
Convenes: 10:00 a.m.

SECOND READING OF HOUSE BILLS

SSHB 470 "An Act making a special appropriation to the Department of Education, Alaska History Commission to produce a documentary film relating to the participation of Alaska in World War II; and providing for an effective date."

✓ -HESS report, p. 2855

✓ Letter of Intent, p. 2855

✓ -Finance report w/CS(Fin), new title, p. 3098:

Making a special appropriation to the Department of Education, Alaska Historical Commission to produce a documentary film relating to the participation of Alaska in World War II;

✓ effective date

HB 548 "An Act relating to state assistance for community health aide programs; and providing for an effective date."

-HESS report w/CS(HESS), same title, p. 3033

Fiscal Note, House Supplement No. 113

-Finance report w/CS(Fin), same title, p. 3099

HB 650 "An Act making special appropriations for certain state loan and grant programs; and providing for an effective date."

-Loans report w/CS(Loans), same title, p. 3014

-Finance report w/CS(Loans), p. 3100

Letter of Intent, p. 3101

→ 27 - 12

SECOND READING OF SENATE BILLS (Held from 3/29)

CSSB 67 "An Act relating to the relocation of utility facilities incident to the construction of highway projects by a municipality; and providing for an effective date."

-C&RA report w/HCS(C&RA), new title, p. 1277:

Relocation of utility facilities incident to the construction of road or highway projects by a municipality; effective date

Chairman's Report, p. 1278

-L&C report w/HCS(L&C), same title, p. 2662

Zero Fiscal Note

-Rules report w/HCS(Rls), same title, p. 3083

Continued next page

39-0

38-1
R. S. Samski

40-0

voted
6:45
pm

CITATIONS

- *Honoring - Diana Murphy by Representative M.M. Miller
- *Honoring - Michael Clearly by Senator Eliason
- *In Memoriam John Etalook by Senators Sackett, Ferguson;
Representative Adams

ANNOUNCEMENTS

Democratic Luncheon
Senator Vic Fischer,
Speaker

Baranof

Noon, 4/3

HOUSE

DAILY COMMITTEE ANNOUNCEMENTS

TUESDAY 04/03/84

<u>FINANCE</u>	<u>CAPITOL 519</u>	<u>1:30 PM</u>
DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT BUDGET CLOSE-OUT		
LEGISLATURE BUDGET CLOSE-OUT		
HB 494 LEASE/FACILITIES USED FOR STATE CAPITOL		
HB 510 ACCIDENTS INVOLVING STATE AIRCRAFT		
HB 605 BONDS/CONSTRUCT FACILITY/LEGISLATURE/ANCHORAGE		
DEPARTMENT OF CORRECTIONS CLOSE-OUT		
DEPARTMENT OF EDUCATION CLOSE-OUT		
<u>JUDICIARY</u>	<u>CAPITOL 124</u>	<u>1:30 PM</u>
HB 509 AVIATION FUEL REFINERS		
CSSB 101(RES) ISSUANCE OF CITATIONS, FISH/GAME VIOLATIONS		
<u>LABOR AND COMMERCE</u>	<u>BEHREND'S 209</u>	<u>8:15 AM</u>
*HB 705 REAL ESTATE SURETY FUND		
*HB 706 AUTHORITY OF THE OIL AND GAS CONSERVATION COMMISSION		
<u>STATE AFFAIRS</u>	<u>CAPITOL 102</u>	<u>1:15 PM</u>
WORK SESSION SUBJECT TO CANCELLATION		
<u>TRANSPORTATION</u>	<u>CAPITOL 112</u>	<u>8:30 AM</u>
CSSB 315(FIN)AM ROAD MAINTENANCE SERVICE AREAS		
<u>FISHERIES, SPECIAL COMMITTEE</u>	<u>BEHREND'S CONF</u>	<u>4:00 PM</u>
*HJR 73 LICENSING OF COMMERCIAL HALIBUT VESSELS.		
<u>LOANS, SPECIAL COMMITTEE</u>	<u>CAPITOL 118</u>	<u>5:00 PM</u>
HB 574 STATE LOAN PROGRAMS		
HB 689 RURAL ELECTRIFICATION LOANS		
SB 362 APPLICABILITY/SCHOLARSHIP LOAN PROGRAMS		

* FIRST PUBLIC HEARING

MAR 29 1984

BILL SHEFFIELD, GOVERNOR

STATE OF ALASKA
DEPT. OF COMMUNITY & REGIONAL AFFAIRS

HOUSING ASSISTANCE DIVISION

March 29, 1984

The Honorable Jim Duncan
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Duncan:

As you have requested, this letter contains an analysis of HB 650 funds for the Housing Assistance Loan Fund. The Governor's request of \$65,000,000 has been reduced in the House to \$45,000,000. Program receipts of principal retained and payoffs will be earned in the amount of \$1,950,000 giving us a total appropriation of \$46,950,000.

\$46,950,000 is projected to be 60% of the \$77,200,000 demand we predict for FY 85. Initial allocation formulas would be as follows:

Rural Owner-Occupied Loans: \$33,000,000

No carry over is projected in this category. A total of 377 loans could be made statewide @ an average loan amount of \$87,500.

Rural Nonowner-Occupied Loans: \$4,560,000

A \$5,000,000 carry over is projected in this category. A total of 18 new loans would be made from FY 85 funds, with an additional 20 new loans made from FY 84 funds. The average loan amount is \$250,000.

Nonconforming Loans: \$9,390,000

No carry over is projected in this category. A total of 129 loans at an average loan amount of \$72,500 can be made.

- REPLY TO:
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 561-0900
 - POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-2267
 - P.O. BOX 10041
DILLINGHAM, ALASKA 99576
PHONE: (907) 842-2245
 - P.O. BOX 280
KOTZEBUE, ALASKA 99752
PHONE: (907) 442-3675
 - P.O. BOX 348
BETHEL, ALASKA 99559
PHONE: (907) 543-3664
 - 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-4468
 - P.O. BOX 41
NOME, ALASKA 99762
PHONE: (907) 443-2655
- STATEWIDE TOLL FREE
PHONE: ZENITH 4585

Representative Jim Duncan
Re: HB 650
March 29, 1984
Page 2

Duration of loan funds vary greatly with market conditions, health of the economy and construction season demands. Rural nonowner-occupied funds will be sufficient to sustain the year. Nonconforming funds would last approximately 10 weeks after appropriation. There is a backlog of loans now being held due to lack of funds. This backlog will contribute to the short duration of this program at this level. Rural owner-occupied funds would extend into calendar year 1985, but are predicted to be consumed several months prior to fiscal year end. This category is the least predictable due to increases in demand from the Home Ownership Assistance Fund subsidies that are not yet able to be analyzed.

The Department supports the Governor's request level of \$65,000,000 and would like to point out that these funds are frequently the only source of financing available in many communities. Thank you for your interest in these programs.

Sincerely,



Barbara Morse-Quinn
Director

cc: Commissioner Notti
Deputy Commissioner Smith
Representative Al Adams
Representative Rick Uehling

①

AGRICULTURAL REVOLVING LOAN FUND

<u>FY '84</u>		<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
10,000,000.	Capital funds	12,000,000.	13,000,000.	5,000,000.
469,000.	Operating funds	492,200.		
11,000,000.	Estimated carry forward			
1,680,049.	Capital expenditures to December 31, 1983			
169,698.	Operating expenditures to December 31, 1983			

NOTE: Capitalization of the fund was \$63.5 million on December 31st, and the current year demand may be \$33. million, as estimated by the agency.

GRAIN RESERVE PROGRAM

<u>FY '84</u>	<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
1,582,400. Loans appropriation	3,000,000.	1,000,000	500,000.
67,600. Operation funding			

NOTE: This is a new program created by HB 309 in the 1983 Legislative Session. There was no loan activity as of December 31, 1983, however the agency projects increased demand based on increased acreage and enthusiasm among farmers.

ALASKA POWER AUTHORITY
Rural Electrification Revolving Loan Fund

<u>FY '84</u>	<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
1,000,000. Capital Funds	1,000,000.	1,000,000.	1,000,000.
1,997,900. Estimated carry forward			
2,304,688. Capital expenditures as of January 17, 1984			

NOTE: This Loan fund was created by the 1981 Legislature and funded by a \$6.5 million appropriation in FY '81.

ALASKA POWER AUTHORITY

Power Projects Fund

<u>FY '84</u>		<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
-0-	Seward	15,000,000.	-0-	-0-
-0-	Homer	11,000,000.	-0-	-0-
-0-	Craig - Klawock	1,110,000.	1,110,000.	

NOTE: This request for the Criag - Klawock project would supplement insufficient funds of \$750,000 appropriated by the 1981 Legislature. It is anticipated that it will be sufficient to complete the project.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

Commercial Fishing Loan Act

<u>FY '84</u>	<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
9,091,000. Loans appropriation	3,500,000.	3,500,000	3,500,000.
4,372,100. Estimated carry forward			
3,182,000. Interest retained			
2,200,000. Principal repaid			

NOTE: This is a revolving loan fund, the purpose of which is to encourage and promote Alaska's commercial fishing industry and to develop a predominantly resident fishery by making low-interest, long term fishing loans.

Please refer to the Audit from OMB dated December 1983 especially pages 2 and 3, and also page 11 for a few conclusions.

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

Commercial Fishing Loan Act

<u>FY '84</u>	<u>FY '85 request</u>	<u>Governor</u>	<u>Loans Committee</u>
9,091,000. Loans appropriation	3,500,000.	3,500,000	3,500,000.
4,372,100. Estimated carry forward			
3,182,000. Interest retained			
2,200,000. Principal repaid			

NOTE: This is a revolving loan fund, the purpose of which is to encourage and promote Alaska's commercial fishing industry and to develop a predominantly resident fishery by making low-interest, long term fishing loans.

Please refer to the Audit from OMB dated December 1983 especially pages 2 and 3, and also page 11 for a few conclusions.

MEMORANDUM

State of Alaska

TO: Jay Hogan, Director
Division of Budget Review
Office of Management & Budget
Office of the Governor

DATE: February 28, 1984

FILE NO:

TELEPHONE NO:

FROM: Lois Cook, Director *LC*
Division of Administrative Services
Department of Commerce & Economic
Development

SUBJECT: FY '85 Budget Amendment for
the Fisheries Enhancement
Loan Program

1 Loans

→ The Fisheries Mini-Cabinet has recommended an FY '85 appropriation of \$5,335,000 to the Fisheries Enhancement Loan Program. This appropriation, combined with funds that will be carried forward into FY '85, will fund the following:

Operation Loans (existing)	\$ 2,968,000
Capital Improvements (existing)	3,339,000
Operation/Construction (new)	<u>10,600,000</u>
	\$16,907,000

Your approval is requested.

LJC/cw#10R1
22884a
Attachment

OFFICE OF
MANAGEMENT & BUDGET

FEB 29 1984

BUDGET REVIEW

Operation Loan Requests - During the start up period of each hatchery, until broodstock and surplus returns can be built to capacity, assistance in meeting the annual operating costs will be given in the form of operating loans. Without these loans most facilities would be forced to close their doors.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 80,000
Armstrong-Keta, Inc. (Port Armstrong)	251,000
Cook Inlet Aquaculture (Eklutna Lake)	130,000
Douglas Island Pink & Chum (Sheep Creek)	5,000
Kake Nonprofit Fishery (Gunnuk Creek)	170,000
Meyers Chuck Aquaculture Association	98,000
Nerka, Inc (Perry Island)	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	300,000
Northern Southeast Regional Aquaculture Association (Medvejie)	210,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	500,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	200,000
Tlingit Haida Fisheries (Sandy Bay)	230,000
Valdez Fisheries Development (Solomon Gulch)	450,000
Additional Requests and Increases	<u>300,000</u>
Total Operation Loans (FY '85)	\$ 2,968,000

Capital Improvement Loans - These loans are to be made to existing facilities who are building in phases or purchasing capital items to bring a facility to its maximum permitted potential.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 300,000
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Cook Inlet Aquaculture (Eklutna Lake)	200,000
Kake Nonprofit Fishery (Gunnuk Creek)	85,000
Meyers Chuck Aquaculture Association	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	500,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	50,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	150,000
Valdez Fisheries Development (Solomon Gulch)	300,000
Total Capital Improvement Loans	\$ 1,714,000
Northern Southeast Regional Aquaculture Association (Medvejie)	<u>1,625,000</u>
	<u><u>\$ 3,339,000</u></u>

Operation/Construction Loans

Prince William Sound Aquaculture Association (Esther Lake)	\$10,000,000
Meyers Chuck Aquaculture Association	600,000
	<u><u>\$10,600,000</u></u>

Thorne Bay Loan Request

Subsequent to preparation and submission of the Alaska Power Authority FY 85 budget, the City of Thorne Bay contacted the Department of Commerce and the Power Authority requesting \$275,000 be budgeted for a loan to purchase a new generator and to refinance* an existing debt obligation to Louisiana Pacific Corporation resulting from the City's purchase of the existing electric system. The City has provided documents in support of this budget request, included here as attachments. Power Authority staff has talked to the City's utility manager and has confirmed the need for this loan. This request to add the loan request to the FY 85 budget does not constitute approval of the loan, but rather secures the appropriation which would fund the loan. The loan application would be subject to Power Authority loan review and award procedures.

The Power Project Loan Fund (AS 44.83.170) is the appropriate program for this loan. This loan program requires legislative action to dedicate funds for specific loans. There is presently no appropriation for a loan to the City of Thorne Bay in this program.

KEY INFORMATION:

1. The City owes \$110,000 on the existing system. This amount due is drawing an interest payment of about \$1,050 per month.
2. The City was incorporated in 1982, at which time it was obliged to purchase the electric system. Due to the short period since incorporation, the City resources are limited, and refinancing of the present debt would allow a more reasonable rate of loan repayment.
3. The City is presently operating their 500 KW generator, which has less than six months useful life remaining, without back-up. The unit previously used for back-up is inoperative and cannot be overhauled.
4. New loads which have come on-line and which are about to come on-line require additional capacity as soon as possible. The City is planning to attempt to lease a 450 kw diesel unit as soon as possible to be able to provide power to the Forest Service and the Southeast Island School District. Availability of the State loan would allow purchase if the loan application is approved.
5. \$275,000 would be required to fund this loan.

* Use of the term "refinance" is not accurate in this case, as the City of Thorne Bay is currently making payments for the use of the electrical system only pending the securing of long-term financing for the acquisition of the system.

STATE OF ALASKA
Office of the Governor
Budget & Management Div.

REVISED PROGRAM SUMMARY
by
BUDGET COMPONENT

CATEGORY	Development
PROGRAM	Energy Development
AGENCY	Commerce + Economic Development
DIVISION	Alaska Power Authority
BUDGET REQUEST UNIT	Alaska Power Authority
BUDGET COMPONENT	Power Projects Loan Fund

	INITIAL AUTHORIZATION	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.
01	PERSONAL SERVICES								
02	TRAVEL								
03	CONTRACTUAL								
04	COMMODITIES								
05	EQUIPMENT								
06	LANDS/BUILDINGS	1,110.0	275.0	1385.0					
07	GRANTS, CLAIMS								
08	MISCELLANEOUS								
	TOTAL	1,110.0	275.0	1385.0					
1002	FEDERAL RECEIPTS								
1003	G/F MATCH								
1004	GENERAL FUND	1,110.0	275.0	1385.0					
1005	I/A RECEIPTS								
1028	PROGRAM RECEIPTS								
15	PERM FULL TIME								
16	PERM PART TIME/SEAS								
17	TOTAL STAFF MONTHS								
18	FULLTIME EQUIVALENT								

CITY OF THORNE BAY
P.O. BOX 110
THORNE BAY, ALASKA 99950
(907) 828-3380

RECEIVED

DEC 19 1983

OFFICE OF THE
COMMISSIONER

December 19, 1983

The Honorable Richard A. Lyon
Commissioner
Department of Commerce and
Economic Development
Pouch D
Juneau, Alaska 99811

Re: Supplemental appropriation to finance Thorne Bay Electric
Utility

Dear Commissioner Lyon:

The City of Thorne Bay, having incorporated as a second class city in 1982, was obliged to purchase the public utilities from the former owner of the logging camp of Thorne Bay, the Louisiana-Pacific Corporation. The City has managed to pay all but \$110,000. on the electric utility. This amount due is drawing an interest payment of about \$1,050. per month. The resources of the City are limited due to the short period of existence and this burden on the residents of the City can be reduced with a financing program through Alaska Statute 44.83.170.

Based upon this available program through the Alaska Power Authority, the City of Thorne Bay requests that the Directors of the Authority, in their meeting on December 21st, consider requesting the Alaska Legislature for a Supplemental Appropriation to fund the financial needs of the Thorne Bay electric utility.

This request and information is being presented to you in advance of the December 21st meeting so that any additional information may be supplied before the Directors meeting convenes. If additional information is needed, please contact the Thorne Bay City Administrator, Bill Williams, at 789-9141 in Juneau.

Your consideration of this request is appreciated.

Sincerely yours,

Denis M. Kuntz
Denis M. Kuntz
Mayor

PREP. CODE.	21
FILE CODE.	02.01

RESOLUTION 83-12-15-01

A Resolution of the City Council
of the City of Thorne Bay, Alaska Requesting
Funding from the State of Alaska

- WHEREAS, The City of Thorne Bay, Alaska did become an incorporated city of the second class under Alaska State Laws on August 2, 1982; and
- WHEREAS, the City of Thorne Bay did purchase the Electric Utility from the former owner of the logging camp of Thorne Bay, the Louisiana-Pacific Corporation; and,
- WHEREAS, the City has been successful in paying all of the costs of the Electric Utility except \$110,000.00 as of December 1, 1983, and this balance due is carrying an interest charge of about \$1,046.00 per month; and,
- WHEREAS, the existing generation equipment of the Electric Utility is not sufficient to produce enough power to fill the expected demands in the near future and the Electric Utility does not have generating equipment for back-up in case of an equipment failure, and,
- WHEREAS, the main generator that is now in use has only about six (6) months of useful life remaining; and,
- WHEREAS, the City will be required to supply power to the Forest Service quarters, that are to be constructed during the summer of 1984 and the probability that the City will provide power to the State of Alaska Land Disposal Area on the South Side of Thorne Bay in the near future, the present equipment is not capable of responding to these demands; and
- WHEREAS, the cost of operation of the Electric Utility is not paid from tax monies but from user fees and charges; and,
- WHEREAS, to finance the remaining principle of this debt and to purchase the needed equipment and systems improvements at a lower rate of interest then is now being paid and over a longer period of time will relieve the residence of the City of this avoidable burden especially during these times of a depressed economy in the City; and
- WHEREAS, The State of Alaska, through the Alaska Power Authority, has a program for financing Electric Utility Systems and Equipment purchases and this program is authorized in Alaska Statute 44.83.170.

83-12-15-01
Utility Financing

Page 2 of 2

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Thorne Bay, Thorne Bay, Alaska that a request be made to the Alaska Power Authority to submit a request to the Alaska State Legislature for a Supplemental Appropriation in the sum of \$275,000.00 which will be used to pay off the balance due on the purchase of the Electric Utility from the Louisiana-Pacific Corporation and to purchase a 450KW Generator and to make upgrades to the electrical system and Powerhouse.

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF THORNE BAY, ALASKA, ON THIS 15th DAY OF DECEMBER, 1983.

Lynda M. Blum
Bill McBearty
[Signature]

Denis M. Kuntz, Mayor

[Signature]
[Signature]
[Signature]

ATTEST:
Susan L. Chapin
Susan L. Chapin, City Clerk

I. PROJECT DESCRIPTION

THORNE BAY PUBLIC UTILITY GENERATOR LOAN

The City of Thorne Bay requests the State of Alaska appropriate \$275,000.00 to the Alaska Power Authority for the purpose of loaning the money to the City of Thorne Bay in order to purchase a new generator and to refinance a debt obligation to Louisiana Pacific Corporation for the purchase of remaining equity in the Thorne Bay Electrical System.

Monies borrowed from the Power Project Revolving Loan Fund would be used to purchase and install a 450KW diesel generator and associated control and switchgear; upgrade the Thorne Bay Power House to allow the existing system to accept the new generator and refinance \$110,000.00 currently owed to Louisiana Pacific for the remaining equity in the electrical system.

The City of Thorne Bay has determined this project to be economically feasible and will provide detailed financial and technical data to the Alaska Power Authority with the Power Project Revolving Loan Application.

II. JUSTIFICATION FOR PROJECT

The City of Thorne Bay will have an additional load requirement when the Southeast Island School District and the U.S. Forest Service housing project come on line beginning in the spring of 1984. These two additional large customers will necessitate the use of the City's 500KW generator, which is the largest in the Power House; however, no back-up generator is available to handle the load in the event of a mechanical failure. The 500KW generator that will be used has approximately six (6) months of useful life left and the potential for breakdowns increase as the generator gets older. The Control Boards in the Power House need upgrading in order to improve the efficiency of the generating system and to allow for the addition of the new generator. A certain amount of upgrading is needed to accept the installation of the new generator.

Refinancing the loan would reduce the debt service payments, thereby providing additional funding needed to maintain and improve the distribution system.

The immediate benefits to the community would include an increase in efficiency of the generators, the ability to handle higher peak loads and lower debt service payments.

III. SOCIO-ECONOMIC IMPACTS

Jobs created during the construction of this project will include two generator mechanics, one electrician, one cement mason, one carpenter and two laborers. Jobs created as a result of this

project will depend on the type of business served by the City. The social benefits for the community will include a higher quality and quantity of dependable power, increased City revenues from the sale of power and more jobs created as a result of new businesses.

IV. SITE-CONTROL DOCUMENT

The land on which the Power House is located is currently owned by the State of Alaska and has been selected for ownership by the City of Thorne Bay under the Municipal Land Selection Act.

No permits are needed for this project.

V. OPERATION AND MAINTENANCE

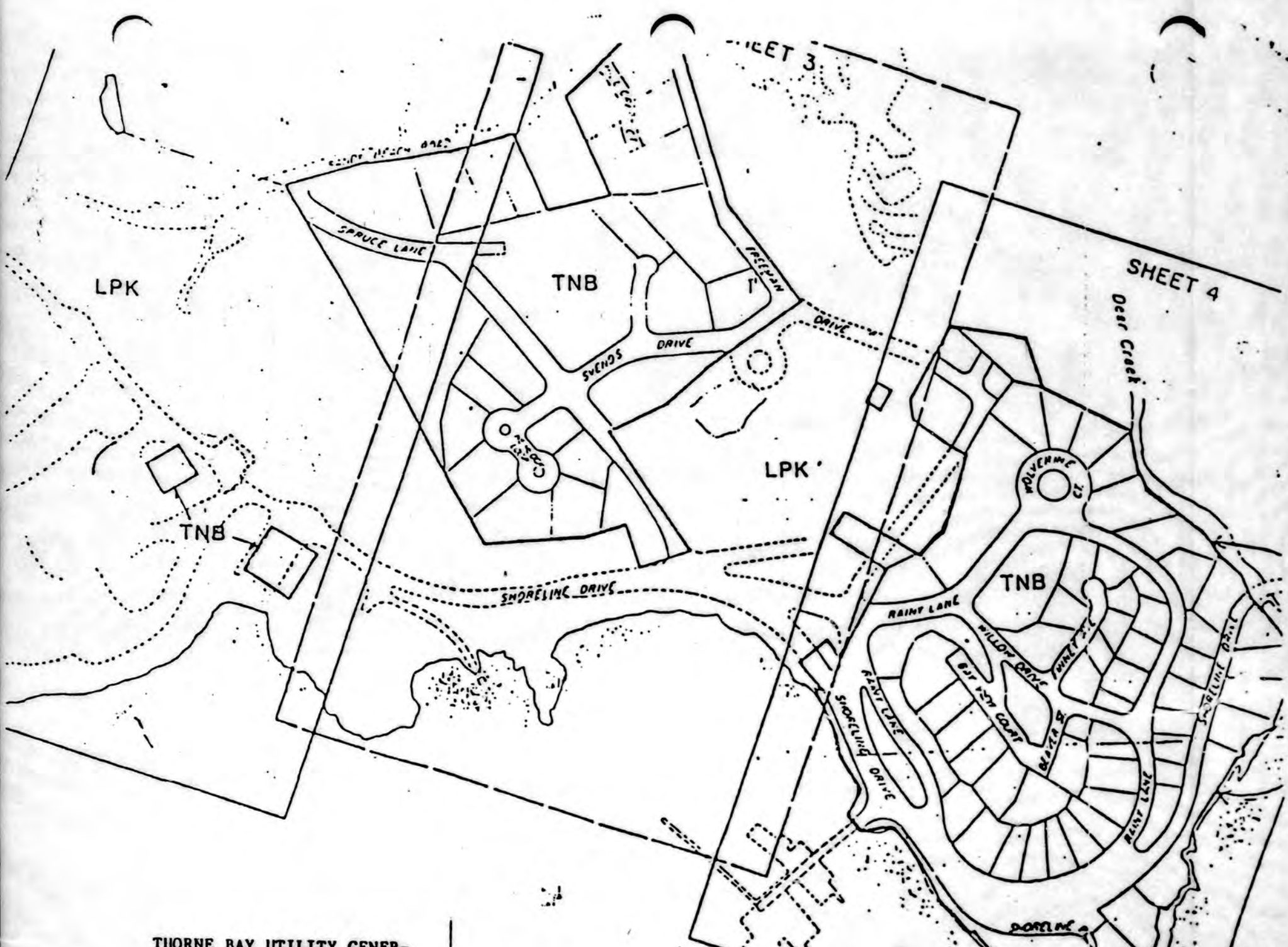
The actual operating and fuel costs will decrease on a per kilowatt basis due to the improved efficiency of the system. Maintenance costs will also decrease for the short term due to the same reasons. The cost of paying back the loan to the State of Alaska will be paid with revenues received from the sale of power to the new customers.

VI. PROJECT FUNDING

Purchase new 450KW generator	\$85,000.00
Purchase control board	25,000.00
Materials for renovation of power house	20,000.00
Upgrade existing control boards	10,000.00
Labor (1250 man hours)	25,000.00
Loan Payment to Louisiana Pacific	<u>110,000.00</u>
TOTAL	\$275,000.00

VII. PROJECT MANAGEMENT

The City of Thorne Bay will be the prime contractor and will perform all necessary purchasing, installation and administrative functions with existing personnel. The duration of the project will not exceed 180 days.



THORNE BAY UTILITY GENER-
 ATOR LOAN 11/21/83
 Power House Location

MEMORANDUM

State of Alaska

TO: Jay Hogan, Director
Division of Budget Review
Office of Management & Budget
Office of the Governor

DATE: February 28, 1984

FILE NO:

TELEPHONE NO:

FROM: Lois Cook, Director *LC*
Division of Administrative Services
Department of Commerce & Economic
Development

SUBJECT: FY '85 Budget Amendment for
the Fisheries Enhancement
Loan Program

1 Loans

The Fisheries Mini-Cabinet has recommended an FY '85 appropriation of \$5,335,000 to the Fisheries Enhancement Loan Program. This appropriation, combined with funds that will be carried forward into FY '85, will fund the following:

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Operation/Construction (new)	10,600,000
	<u>\$16,907,000</u>

Your approval is requested.

LJC/cw#10R1
22884a
Attachment

OFFICE OF
MANAGEMENT & BUDGET

FEB 29 1984

BUDGET REVIEW

Operation Loan Requests - During the start up period of each hatchery, until broodstock and surplus returns can be built to capacity, assistance in meeting the annual operating costs will be given in the form of operating loans. Without these loans most facilities would be forced to close their doors.

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Total Capital Improvement Loans	\$ 1,714,000
Northern Southeast Regional Aquaculture Association (Medvejie)	1,625,000
	<u>\$ 3,339,000</u>

Operation/Construction Loans

Prince William Sound Aquaculture Association (Esther Lake)	\$10,000,000
Meyers Chuck Aquaculture Association	600,000
	<u>\$10,600,000</u>

MEMORANDUM

Natural Resources
Management

State of Alaska

TO: Mary Halloran
Director

DATE: 1/26/84

FILE NO:

TELEPHONE NO:

FROM: *Hilton Wolfe*
Hilton Wolfe

SUBJECT: Agricultural Revolving Loan
Fund 606 (AS 03.10.040)

In response to your questions regarding the ARLF, I have confirmed the following information with the Division of Finance this morning:

(1) The statutory limit of the fund is \$75,000,000.00.

(2) Appropriations to the fund total to \$62,500,000.00.

(3) The fund balance, as of 12/31/83, is calculated to be \$63,377,771.15. Given the imprecision with which the fund is statutorily defined, the Division of Finance conceptualizes the fund balance as being the total assets less the total liabilities, that is, the unobligated surplus or owner equity, and, as of 12/31/83 (general ledger statement of account for the 606 fund), makes the following calculation:

Total Assets	Debit	66,934,957.98
	(Credit)	(2,089,185.60)
		<hr/>
		64,845,772.38
Total Liabilities	Debit	.01
	(Credit)	(1,468,001.24)
		<hr/>
		63,377,771.15

(4) Maximum additions before reaching statutory limit of \$75 million would be \$11,622,228.85.

Attachments: Alaska Agricultural Loan Act (AS 03.10.020-050).
12/31/83 General Ledger Statement of Account for
Fund 606 (ARLF)

cc: Virginia Stonkus, Deputy Director, Management
Bill Heim, Director, Agriculture

Ag. Revolving Loan Fund: \$11,622.2
Grain Reserve : 500.0

TITLE		LOCATION		AGENCY	NAME AND PHONE OF AGENCY CONTACT	
Grain Reserve Program		Statewide		PRIORITY	Dean Brown, Deputy Director 376-3276	
PROGRAM FUNDING	FY 83	FY 84	FY 85	GOVERNOR	OTHER FINANCIAL INFORMATION (INCLUDING FY 84)	TOTAL
TOTAL ANNUAL LOAN DEMAND		1,600.0	500.0		TOTAL APPROPRIATIONS	1,600.0
TOTAL APPROPRIATIONS AND REQUESTS		1,600.0	500.0		TOTAL INTEREST RETAINED	
1002 FEDERAL RECEIPTS					TOTAL BONDS ISSUED	
1004 GENERAL FUNDS		1,600.0	500.0		BONDS AUTHORIZED BUT NOT ISSUED	
1020 PROGRAM RECEIPTS					TOTAL PROGRAM FUNDING	
GENERAL OBLIGATION BONDS					WHAT ARE THE TOTAL ADMINISTRATIVE COSTS FOR OPERATING THE LOAN PROGRAM FOR FY 85?	\$68.0
OTHER					WHAT AMOUNT OF TOTAL ADMINISTRATIVE COSTS ARE OBTAINED FROM LOAN INTEREST, PRINCIPAL OR FEES?	None
TOTAL OTHER PROGRAM FUNDING						
ESTIMATED CARRY FORWARD BALANCE			0			
INTEREST RETAINED						
PRINCIPAL REPaid						

DESCRIBE THE PROGRAM AND EXPLAIN IMPACTS ON THE PROGRAM OF RECEIVING IN FY 85 75% OF FY 84 AUTHORIZED GENERAL FUNDS AND 50% OF FY 84 AUTHORIZED GENERAL FUNDS:

HB 309, sec 71, DNR, Grain Reserve Operating and Sec. 70, DNR Grain Reserve Fund was appropriated for FY 84. Since this is a new program, demand on the funding can only be assumed based on the fact that an increase of 6,000 acres was planted during the summer of 1983 bringing total barley production acreage to 13,500 acres in Delta alone (some barley is grown in the Mat Valley and more is being planted on Pt. MacKenzie). The support of this grain reserve loan program has generated enthusiasm among farmers to increase their planting of grains in the summer of 1984 (affecting loans for FY 85). The existence of this reserve creates the stability of at least having a minimum market target price and storage available.

FY 85/75% funding of the FY 84 authorized level would quite probably decrease the number of acres which might otherwise be planted, since confidence in market availability is otherwise low after state reversals of the Seward Grain Terminal Construction. Effect of a 75% funding is difficult to predict until at least December, 1983 when the utilization of the loan program can be judged based on harvest.

FY 85/50% funding of the FY 84 authorized level would quite probably be insufficient based on the anticipated participation this fall--funding would not be available to meet basic program requirements even without any increase in number of acres planted for FY 85 which we do anticipate to be as high as 30,000 acres.

AGENCY Department of Natural Resources

CATEGORY Agricultural Management

PROGRAM Agricultural Management

TITLE Grain Reserve Loan Program

**L-1 LOAN
PROGRAM
DESCRIPTION**

Page 1 of 2
Revised Date 2/24/84

FY85

OTHER FINANCIAL AND PROGRAM INFORMATION

INFORMATION FOR SUBSIDY CALCULATION

	FY 83	FY 84	FY 85	STATUTORY LOAN RATE			
	ACTUAL	AUTHORIZED	REQUEST	3 years			
ESTIMATED TOTAL SUBSIDY				STATUTORY MAXIMUM LOAN MATURITY			
ESTIMATED RATE OF SUBSIDY				APPROPRIATE U.S. TREASURY INTEREST RATE			
AVERAGE LOAN SIZE				ESTIMATED COST OF FUNDS FOR BOND ISSUE			
NUMBER OF LOANS MADE				ARE PRINCIPAL DEFERMENTS ALLOWED?			
VALUE OF LOANS MADE ANNUALLY				IF YES, NUMBER OF YEARS:	YEARS	YES	NO
VALUE OF OUTSTANDING LOANS AT FY END					—	<input type="checkbox"/>	<input checked="" type="checkbox"/>
AVERAGE DELINQUENCY RATE				ARE INTEREST DEFERMENTS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
OTHER PROGRAM INDICATORS				IF YES, NUMBER OF YEARS:	—	<input type="checkbox"/>	<input checked="" type="checkbox"/>
				IS LOAN FORGIVENESS ALLOWED?		<input type="checkbox"/>	<input checked="" type="checkbox"/>

PROGRAM JUSTIFICATION:

This is a new loan program created by HB 309 in the 1983 legislature. The first participation in this program will occur beginning in September, 1983 and can continue throughout the winter. The amount appropriated is \$1,582.4 for the loan program and \$67.6 for operation funding which we anticipate will be sufficient for the harvest participation from this summer (impacting FY 84). Based on the number of acres planted in barley, which was about 13,500, additional funding for FY 85 is need to meet continued demand.

Since the loan program requirements can allow up to three years for storage before repayment, operation funding to continue moisture testing, and fulfilling U.S.D.A. grain grading requirements must be funded for three successive years, as must be administration of the loans themselves which will occur through the Agricultural Revolving Loan Fund staff and the governor appointed Ag Revolving Loan Fund Board.

**L-2 LOAN
PROGRAM
JUSTIFICATION**

AGENCY Department of Natural Resources
CATEGORY Agricultural Management
PROGRAM Agricultural Management
TITLE Grain Reserve Program

FY85

Page 2 of 2
 Revised Date 2/24/84

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

March 27, 1984

Ms. Alaire Stanton
Administrative Assistant
Representative Rick Uehling
Alaska House of Representatives
Pouch V
Juneau, AK 99811

SUBJECT: Low-cost, Low-income Multifamily Housing
Development Loan Fund

Dear Ms. Stanton:

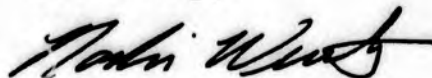
We currently have two eligible grant recipients applying for planning grants to develop applications to construct projects. One of the applicants is in Fairbanks, the other in St. Paul.

We anticipate that the three grant applicants that did not receive awards this year will resubmit in FY 85. These applications total \$7.7 million. If others apply, which we expect, the requests could exceed 10 million dollars in FY 85.

We expect this program can produce approximately 80 units of housing for each 3 million dollars of funding. This assumption considers other funding also being contributed to the projects. The grants awarded in FY 84 have a total of approximately \$3.5 million in other funding being provided from the sale of tax exempt housing bonds and Federal Community Block Grants.

If we can answer any more questions for you on this program, please let us know.

Sincerely,



Nadine Winters
Legislative Liaison

MAR 5 1984

February 29, 1984

Representative Rick Uehling

Pouch V

Juneau, Alaska 99811

Dear Representative *Rick* Uehling,

I recently learned that funding for the Multiple-Family Low Income Housing Grant Program in the Department of Community & Regional Affairs in the amount of two million dollars is contained in HB650 which is before the House Special Committee on Loans. I am writing to urge you to increase the funding to the fifteen million amount supported by HOME (Housing Opportunities Made Equal) and originally proposed by CRA.

As the recent correspondence from HOME indicated, Section 8 certificate money is being returned to the Federal Government because no private-sector rental rates are low enough to qualify for Section 8 recipients. There are also long waiting lists presently at the Alaska State Housing Authority Units in Anchorage. When I checked with ASHA today I was told that depending on the unit size, the wait is up to a year with approximately two hundred eligible households currently on those waiting lists, mostly women and children.

The Low Income Multiple-Family Housing Grant Program will contribute substantially to reducing these housing needs if funded adequately in FY'85. Please do all you can to increase funding for this program in HB650.

Your interest in housing issues is greatly appreciated.

Sincerely,

Dudgy
Cecilia "Pudge" Kleinkauf
For The Alaska Chapter, National
Association of Social Workers
4201 McInnes Rd.
Anchorage, Ak 99508
w-786-1714 h-563-6073

for finance committee

3/28/84

Mr. Chairman, and members of the Finance Committee.

I appreciate this opportunity to speak on behalf of House Bill 650, which makes special appropriations for certain state loan and grant programs.

Committee substitute for HB 650 (Loans) provides appropriations for State programs as follows:

Section 1, \$16 million to the Alaska Housing Finance revolving fund. This amount is a substantial decrease from the estimates given by AHFC at the beginning of the year. It is intended to provide the necessary general fund subsidy which would be used in concert with monies provided through bond proceeds, and program repayments and earnings.

Section 2, \$45 million to the housing assistance loan fund in the Department of Community and Regional Affairs for non-conforming, rural and non-owner occupied housing loans. This amount is the same as that provided from general funds in FY '84.

Sections 3 and 4, provides designated grants for Senior Citizen housing through the housing development fund in the Department of Community & Regional Affairs. \$2 million is designated for Chugach View Senior facility and \$2 million for the Norton Sound Health Corporaton.

Section 5, provides \$7 million from the general fund to the division of housing assistance in Community & Regional Affairs for grants for statewide projects for senior citizens housing. Projects which total more than \$18 million have already received planning grants and most are in the process of applying for construction funding.

Section 6, appropriates \$9.5 million from the general fund to the Division of investments within the Department of Commerce & Economic Development. \$1 million is designated for the alternative technology and energy loan program which had current year funding of \$2.4 million. The Commercial fishing loan program would receive \$3.5 million, which is the amount requested by the agency; and the Fisheries enhancement loan program would receive \$5 million for loans to hatcheries for operations and for capital improvement loans.

MORE

Section 7, provides \$5 million from the general fund to the Department of Natural Resources for loans from the agricultural revolving loan fund.

Section 8, appropriates \$500,000 to the Alaska grain reserve loan fund which is not active as yet.

Section 9, provides funding for the scholarship revolving loan fund from the general fund. It is expected that there will be some carry forward money (approximately \$4 million) at the end of the current fiscal year and receipts of more than \$9 million from program receipts during FY'85. These combined amounts would provide funding for a demand slightly greater than the current year but may not be adequate to meet the demands projected by the Postsecondary Commission for FY'85.

Section 10, provides for the appropriation of \$500,000 in federal program receipts for the Scholarship revolving loan fund.

Section 11, appropriates \$5 million to the Department of Community and Regional Affairs for grants from the low cost and low income multiple family housing development fund.

Program information and backup material has been made available to the Finance Committee and representatives from several of the agencies which have funding in this bill are present at this meeting today. I would be pleased to answer any questions which you may have.

LOANS BUDGET SUMMARY
(Stated in Thousands \$)

DEPARTMENT/Program	FY 84 Adjusted		FY 85 Governor		Governor Amended		Original HB 650		Proposed CS HB 650	
	GF	Total	GF	Total	G F	Total	GF	Total	GF	Total
COMMERCE AND ECONOMIC DEVELOPMENT										
Fisheries Enhancement	6,500.0	6,500.0	0.0	0.0	5,335.0	5,335.0	0.0	0.0	5,000.0	5,000.0
Commercial Fishing	9,091.0	9,091.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
Alt. Tech & Energy	2,400.0	2,400.0	5,100.0	5,100.0	5,100.0	5,100.0	2,400.0	2,400.0	2,400.0	2,400.0
Rural Electrification	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Power Project Fund										
Seward	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Homer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Thorne Bay	0.0	0.0	0.0	0.0	275.0	275.0	0.0	0.0	275.0	275.0
Craig/Klawock	0.0	0.0	0.0	0.0	1,110.0	1,110.0	0.0	0.0	1,110.0	1,110.0
DEPARTMENT TOTAL	18,991.0	18,991.0	10,710.0	10,710.0	16,320.0	16,320.0	6,900.0	6,900.0	13,285.0	13,285.0
EDUCATION										
Student Loan Program	60,000.0	60,850.0	65,450.0	65,950.0	65,450.0	65,950.0	60,000.0	60,500.0	65,000.0	65,500.0
DEPARTMENT TOTAL	60,000.0	60,000.0	65,450.0	65,950.0	65,450.0	65,950.0	60,000.0	60,500.0	65,000.0	65,500.0
NATURAL RESOURCES										
Agricultural RLF	10,000.0	10,000.0	13,000.0	13,000.0	11,622.2	11,622.2	5,000.0	5,000.0	8,000.0	8,000.0
Grain Reserve Fund	1,582.4	1,582.4	1,000.0	1,000.0	500.0	500.0	500.0	500.0	500.0	500.0
DEPARTMENT TOTAL	11,582.4	11,582.4	14,000.0	14,000.0	12,122.2	12,122.2	5,500.0	5,500.0	8,500.0	8,500.0

LOANS BUDGET SUMMARY
(Stated in Thousands \$)
(continued)

DEPARTMENT/Program	FY 84 Adjusted		FY 85 Governor		Governor Amended		Original HB 650		CS HB 650	
	GF	Total	GF	Total	G	F	GF	Total	GF	Total
REVENUE										
Alaska Housing Finance Corporation										
Special Mortgage	6,801.0	986,801.0	71,000.0	1,446,000.0	0.0	0.0	40,000.0	1,406,000.0	0.0	0.0
Mobile Home Loans	0.0	0.0	34,000.0	34,000.0	0.0	0.0	0.0	0.0	0.0	0.0
Revolving Fund	0.0	0.0	0.0	0.0	16,000.0	1,316,000.0	0.0	0.0	16,000.0	1,316,000.0
Home Ownership	22,750.0	42,250.0	0.0	0.0	0.0	0.0	22,000.0	22,000.0	0.0	0.0
DEPARTMENT TOTAL	29,551.0	1,029,051.0	105,000.0	1,480,000.0	16,000.0	1,316,000.0	62,000.0	1,428,000.0	16,000.0	1,316,000.0
COMMUNITY AND REGIONAL AFFAIRS										
Housing Assistance										
Loan Fund	45,000.0	45,000.0	65,000.0	65,000.0	65,000.0	65,000.0	45,000.0	45,000.0	45,000.0	45,000.0
Chugach View Srs.	0.0	0.0	0.0	0.0	0.0	0.0	2,000.0	2,000.0	2,000.0	2,000.0
Norton Sound Srs.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,000.0	2,000.0
Statewide Senior Citizen Housing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,000.0	7,000.0
Low cost/Low income										
Multiple family	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5,000.0	5,000.0
DEPARTMENT TOTAL	45,000.0	45,000.0	65,000.0	65,000.0	65,000.0	65,000.0	47,000.0	47,000.0	61,000.0	61,000.0
TOTALS	165,124.4	1,165,474.0	260,160.0	1,635,660.0	174,892.2	1,475,392.2	181,400.0	1,547,900.0	163,785.0	1,464,285.0

MEMORANDUM

TO: Rep. Rick Uehling, Chair
House Special Committee on State Loans
FROM: Alaire Stanton, Committee Staff
DATE: March 26, 1984
RE: House Bill 650, making special appropriations for certain state loan and grant programs; and providing for an effective date.

Committee substitute for HB 650 (Loans) provides appropriations for State programs as follows:

Section 1, \$16 million to the Alaska Housing Finance revolving fund. This amount is a substantial decrease from the estimates given by AHFC at the beginning of the year. It is intended to provide the necessary general fund subsidy which would be used in concert with monies provided through bond proceeds, and program repayments and earnings.

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Section 10, provides for the appropriation of \$500,000 in federal program receipts for the Scholarship revolving loan fund.

Section 11, appropriates \$5 million to the Department of Community and Regional Affairs for grants from the low cost and low income multiple family housing development fund.

Program information and backup material has been made available to the Finance Committee and representatives from several of the agencies which have funding in this bill will also be present at the Finance Committee meeting.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

HOUSING ASSISTANCE DIVISION

BILL SHEFFIELD, GOVERNOR

- REPLY TO:
- 949 E. 36TH AVENUE, SUITE 400
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JUNEAU, ALASKA 99811
PHONE: (907) 465-2267
 - P.O. BOX 10041
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 - P.O. BOX 280
KOTZEBUE, ALASKA 99752
PHONE: (907) 442-3675
 - P.O. BOX 348
BETHEL, ALASKA 99559
PHONE: (907) 543-3864
 - 1514 CUSHMAN STREET, ROOM 210
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-4468
 - P.O. BOX 41
NOME, ALASKA 99762
PHONE: (907) 443-2655
- STATEWIDE TOLL FREE
PHONE: ZENITH 4585

March 28, 1984

The Honorable Rick Uehling
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Uehling:

At the request of your aide, Mr. David Cobb, I am telecopying you the following information on State Assisted Rental Housing Development Grant funds. Also known as low-cost, low-income multifamily housing grants, this program became effective January 1, 1984. A total of \$5,000,000 was appropriated last year to begin the program. On March 1, 1984, two grants were awarded totalling \$3.3 million. These were for \$700,000 to the Municipality of Anchorage for purchase of the S & S Apartment site from HUD and \$2,600,000 to Alaska Housing Ministries for the development of low cost, low income housing in Anchorage. Funds were insufficient to finance any other complete projects this year. The sum of \$200,000 was set aside for planning grants for the remainder of FY 84. From the planning grant funds, two eligible applicants are now under review. One is in the City of Fairbanks through Alaska Housing Ministries, the second is in the City of St. Paul through the City itself.

A total of \$1,500,000 remains in the fund. It is anticipated that the Alaska Housing Ministries will reapply for the City of Fairbanks project in the amount of \$2,800,000 during the next round of applications in August of this year. To fund the Fairbanks project, the \$1,500,000 FY 84 balance would be utilized as well as a \$1,300,000 commitment from FY 85 funds.

In HB 691, the Legislature appropriated \$1,580,000 for this program. If the \$5,000,000 request in HB 650 is funded for FY 85, requests for proposals would be solicited on the remaining \$3,700,000, plus the \$1.580 million. We presume a proposal would be received from the City of St. Paul. We also anticipate a second proposal from Anchorage for a location

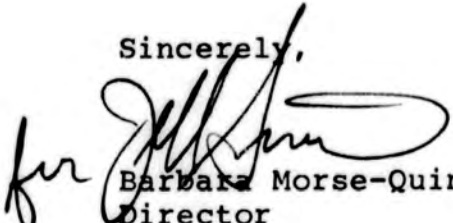
The Honorable Rick Uehling
RE: Low Cost, Low Income Housing
March 28, 1984
page two

in the Northeast part of town. It is unknown at this time what other communities or groups might apply, but as the funds are awarded on competitive bid, any completed application will be considered.

I hope this letter provides you with sufficient information to solidify FY 85 funds for this program. Although it is a new effort on the part of the State, it can be used to leverage ASHA bonds and new HUD funds that should be available after October 1, 1984 nationwide. It is an effective program and one worthy of your support.

Please contact me directly if you wish any further information on the program.

Thank you.

Sincerely,

for Barbara Morse-Quinn
Director

cc: Representative Al Adams
Jeff Smith
Nadine Winters
Dick Pryor

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH B
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225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

March 27, 1984

Ms. Alaire Stanton
Administrative Assistant
Representative Rick Uehling
Alaska House of Representatives
Pouch V
Juneau, AK 99811

SUBJECT: Low-cost, Low-income Multifamily Housing
Development Loan Fund

Dear Ms. Stanton:

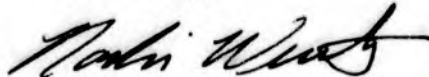
We currently have two eligible grant recipients applying for planning grants to develop applications to construct projects. One of the applicants is in Fairbanks, the other in St. Paul.

We anticipate that the three grant applicants that did not receive awards this year will resubmit in FY 85. These applications total \$7.7 million. If others apply, which we expect, the requests could exceed 10 million dollars in FY 85.

We expect this program can produce approximately 80 units of housing for each 3 million dollars of funding. This assumption considers other funding also being contributed to the projects. The grants awarded in FY 84 have a total of approximately \$3.5 million in other funding being provided from the sale of tax exempt housing bonds and Federal Community Block Grants.

If we can answer any more questions for you on this program, please let us know.

Sincerely,



Nadine Winters
Legislative Liaison

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

REPLY TO: POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700
 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

March 14, 1984

Alaire Stanton
Administrative Assistant
Office of the Honorable Rick Uehling
Pouch V
Juneau, Alaska 99801

RE: Senior Citizen's Housing Development Fund

Dear Ms. Stanton:

The following projects have received planning grants from the Senior Citizen Housing Development Fund. These projects are in the process of being developed and the grant recipients are preparing to submit a grant application for construction funding.

<u>LOCATION</u>	<u>SPONSOR</u>	<u>UNITS</u>	<u>CONSTRUCTION COST</u>
Anchorage	Cook Inlet Housing Auth	60	6,000,000
Anchorage	Meridian Living, Inc.	35	3,500,000
Angoon	Tlingit-Haida Housing Auth	12	1,200,000
Dillingham	Bristol Bay Housing Auth	15	1,500,000
Fairbanks	City of Fairbanks	25	2,500,000
Klawock	Tlingit-Haida Housing Auth	10	1,000,000
Metlakatla	City of Metlakatla	15	1,500,000
Wasilla - Phase II	ASHA	15	1,500,000
	TOTAL	187	* \$18,700,000

*THIS IS THE TOTAL ESTIMATED COST OF DESIGN AND CONSTRUCTION.

Cook Inlet Housing Authority will not be requesting funding for the 60 unit intermediate care frail elderly project in FY '85. There is currently a \$746,000 appropriation in HB 691 for planning and design for the project.

It is possible that one or two of the projects will not be ready for construction funding in FY '85. We also expect approximately 2.5 million dollars in HUD construction funds to be available.

In addition to the above projects, the following planning grant requests have recently been received and are being reviewed:

HOMER PHASE II	KACHEMAK BAY SENIOR HOUSING, INC.
KAKE	TLINGIT-HAIDA HOUSING AUTHORITY
YAKUTAT	TLINGIT-HAIDA HOUSING AUTHORITY

The Housing Assistance Division has also been working with the communities of Haines and Kake, and we anticipate they will apply for planning grants in the near future.

I hope this answers your questions; if I can be of further help, please let me know.

Sincerely,



Nadine Winters
Special Assistant

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

REPLY TO: POUCH B
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 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

MAR 12 1984

March 8, 1984

The Honorable Rick Uehling
Alaska State House
Pouch V
Juneau, AK 99811

Dear Representative Uehling:

Thank you for the opportunity to address the House Special Committee on State Loans during the March 6 hearing on HB 650.

As a follow up to my testimony on that day, I would like to clarify one statement made by me in reference to a possible funding source for a Community and Regional Affairs grant program. It has been brought to my attention that I may have left the Committee with the impression that I supported using AIDA CD's to fund the Low-Cost, Low-Income Multi-family Housing Development Program. If the Committee did in fact draw that conclusion from my testimony, I would like to take this opportunity to clearly state the Department's position on this matter. While the Legislature can appropriate the funding for this program any way it desires, we do not support the appropriation of another agency's funds to accomplish that purpose.

Sincerely,


Jeff Smith
Deputy Commissioner

cc: House Special Committee on State Loans
Bert Wagnon - AIDA
Terry Elder - DCED

STATE OF ALASKA

JAN 27 1984

BILL SHEFFIELD, GOVERNOR

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
DIVISION OF INVESTMENTS

POUCH D
JUNEAU, ALASKA 99811
PHONE: (907) 465-2510

January 25, 1984

Honorable Rick Uehling
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Uehling:

The following information is in response to your letter of January 10, 1984 regarding several of the loan programs administered by this division. I have responded to your questions in the order they were asked.

#1	Amounts Budgeted		<u>FY '83</u>	<u>FY '84</u>
		AE	\$4,000.0	\$2,400.0
		REC	\$4,500.0	\$3,123.4
		CC	\$ 400.0	\$ 869.5
		CF	\$9,400.0	\$9,091.0
#2	Amounts Requested		<u>FY '85</u>	
		AE	\$5,100.0	
		REC	-0-	
		CC	-0-	
		CF	\$3,500.0	
#3	Amounts Loaned		<u>FY '82</u>	<u>FY '83</u>
		AE	\$5,392.3	\$ 4,591.8
		REC	\$2,446.7	\$ 3,418.4
		CC	\$ 297.7	\$ 211.9
		CF	\$9,054.3	\$14,059.2
#4	Number Loans		<u>FY '82</u>	<u>FY '83</u>
		AE	1,172	503
		REC	653	880
		CC	7	6
		CF	197	281
#5	Average Loan Amount		<u>FY '82</u>	<u>FY '83</u>
		AE	\$ 4.6	\$ 9.2
		REC	\$ 3.7	\$ 3.9
		CC	\$42.5	\$35.3
		CF	\$46.0	\$50.0

Honorable Rick Uehling

-2-

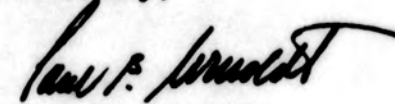
January 25, 1984

#6 Amounts Loans as
of 12/31/83

	FY '84
AE	\$1,920.9
REC	\$1,003.0
CC	\$ 309.5
CF	\$3,975.2

If you need additional information, I will be pleased to provide this to you.

Sincerely,



Paul B. Arnoldt
Director

PBA/mc2/15
12584b

STATISTICS ON COMMERCE LOAN PROGRAMS
(Thousands of Dollars)

December 1983

Commitments	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Historical District	Mining	Alternative Energy	Residential Energy	Fish Enhancement	Water Resource	Total
Total No. Loans Committed FY '72-84	7,718	1,338	2,379	59	96	32	8	55	2,038	1,944	78	5	16,050
Total Dollar Amount Committed FY '72-84	371,795.2	202,529.3	138,308.8	29,874.7	3,467.8	962.1	567.7	24,931.8	14,158.2	7,470.0	28,541.7	2,500.0	825,107.3
Total No. Loans Committed FY '83	-0-	-0-	281	-0-	45	6	1	19	503	880	12	-0-	1,747
Total Dollar Amount Committed FY '83	-0-	-0-	14,059.2	-0-	1,685.2	211.9	75.0	6,300.0	4,591.8	3,418.4	6,978.1	-0-	37,319.6
Total No. Loans Committed FY '84	-0-	-0-	72	-0-	27	7	-0-	6	222	252	8	-0-	594
Total Dollar Amount Committed FY '84	-0-	-0-	3,975.2	-0-	927.8	309.5	-0-	1,763.0	1,920.9	1,003.0	2,013.5	-0-	11,912.9
Appropriations													
Appropriation FY '84	-0-	-0-	9,091.0	-0-	-0-	869.5	500.0	-0-	2,400.0	3,123.4	6,500.0	-0-	22,483.9
Disbursements - FY '84													
No. of Loans Through 12/31/83	-0-	-0-	67	-0-	25	7	-0-	6	218	282	8	-0-	613
Dollars Through 12/31/83	-0-	-0-	3,889.6	-0-	2,450.1	309.5	-0-	1,838.7	1,781.7	927.1	2,013.5	-0-	13,210.2
Loans Outstanding													
Total No. Loans Outstanding	2,458	583	1,718	20	48	14	5	43	1,918	1,647	69	1	8,524
Total Principal Amount Outstanding	103,593.9	63,199.5	77,943.2	6,501.4	1,193.1	348.3	381.8	19,291.6	10,424.3	5,714.2	24,238.5	909.8	313,739.6
Average Loan Amount Outstanding	42.1	108.4	45.4	325.1	24.9	24.9	76.4	448.6	5.4	3.5	351.3	909.8	36.8
Applications													
No. of Applications for New Loans Received FY '84	-0-	-0-	173	-0-	21	10	1	11	238	211	4	-0-	669
No. of Assumption Applications FY '84	56	7	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	63

STATISTICS ON COMMERCE LOAN PROGRAMS
(Thousands of Dollars)

December 1983

Commitments	Veterans	Small Business	Commercial Fish	Tourism	Bulk Fuel	Child Care	Historical District	Mining	Alternative Energy	Residential Energy	Fish Enhancement	Water Resources	Total
Total No. Loans Committed FY '72-84	7,718	1,338	2,379	59	96	32	8	55	2,338	1,944	78	5	16,050
Total Dollar Amount Committed FY '72-84	371,795.2	202,529.3	138,308.8	29,874.7	3,467.8	962.1	567.7	24,931.8	14,158.2	7,470.0	28,541.7	2,500.0	825,107.3
Total No. Loans Committed FY '83	-0-	-0-	281	-0-	45	6	1	19	503	880	12	-0-	1,747
Total Dollar Amount Committed FY '83	-0-	-0-	14,059.2	-0-	1,685.2	211.9	75.0	6,300.0	4,591.8	3,418.4	6,978.1	-0-	37,319.6
Total No. Loans Committed FY '84	-0-	-0-	72	-0-	27	7	-0-	6	222	252	8	-0-	594
Total Dollar Amount Committed FY '84	-0-	-0-	3,975.2	-0-	927.8	309.5	-0-	1,763.0	1,920.9	1,003.0	2,013.5	-0-	11,912.9
Appropriations													
Appropriation FY '84	-0-	-0-	9,091.0	-0-	-0-	869.5	500.0	-0-	2,400.0	3,123.4	6,500.0	-0-	22,483.9
Disbursements - FY '84													
No. of Loans Through 12/31/83	-0-	-0-	67	-0-	25	7	-0-	6	218	282	8	-0-	613
Dollars Through 12/31/83	-0-	-0-	3,889.6	-0-	2,450.1	309.5	-0-	1,838.7	1,781.7	927.1	2,013.5	-0-	13,210.2
Loans Outstanding													
Total No. Loans Outstanding	2,458	583	1,718	20	48	14	5	40	1,918	1,647	69	1	8,524
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STATISTICS ON COMMERCE LOAN PROGRAMS
(Thousands of Dollars)

December 1983

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Appropriations													
Appropriation FY '84	-0-	-0-	9,091.0	-0-	-0-	869.5	500.0	-0-	2,400.0	3,123.4	6,500.0	-0-	22,483.9
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No. of Loans Through 12/31/83	-0-	-0-	67	-0-	25	7	-0-	6	218	282	8	-0-	613
Dollars Through 12/31/83	-0-	-0-	3,889.6	-0-	2,450.1	309.5	-0-	1,838.7	1,781.7	927.1	2,013.5	-0-	13,210.2
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No. of Assumption Applications FY '84	56	7	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	63

This packet contains material pertaining to changes in HB 650, as follows:

- Sec. 1 Letter and exhibits from AHFC.
- Sec. 2 No change in amount from original bill.
(See green booklet for program budget)
- Sec. 3 No change from original bill.
- Sec. 4 Suggested amendment from Rep. Jack Fuller with attached information.
- Sec. 5 Letter from Community & Regional Affairs with listing of projects.
- Sec. 6 Portion of a letter to Rep. Adams and a memo from OMB for the Fisheries Enhancement portion.
- Sec. 7 No change from original bill.
- Sec. 8 No change from original bill.
- Sec. 9 Handwritten status report from Kerry Romesburg giving current information on receipts and estimated carry forward amounts.
- Sec.10 No change from original bill
- Sec.11 Increased amount, data will be coming from C & RA

The section pertaining to the Rural Electrification Loans has been deleted and the Power Project Fund has not been included though we heard testimony supporting two projects.

/as

Alaska HOUSING  FINANCE CORPORATION

March 2, 1984

The Honorable Rick Uehling
Chairman, House Special
Committee on Loans
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

CS HB 650

Sec. 1

Dear Chairman Uehling:

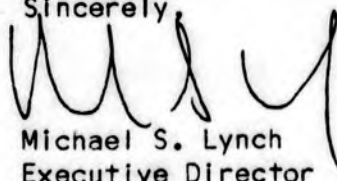
The Corporation has completed a review of the anticipated mortgage loan financing activity for FY '85 and related subsidy requirements. The initial capital budget request was based generally upon information available as of June 30, 1983, and indicated \$105 million would be necessary to continue to operate the Special Mortgage Loan Purchase Program and Mobile Home Loan Program through FY '85.

Utilizing updated information through December 31, 1983, and assumptions reflecting current financing plans the total capital budget request is revised to \$16 million. This appropriation should be made to the Alaska Housing Finance Revolving Fund. As the Corporation plans to finance the FY '85 mobile home loan activity through the sale of bonds during FY '84, an appropriation for the Mobile Home Loan Program is not being requested.

The revised budget reflects the deletion of the Home Mortgage Bond issues pursuant to current federal restrictions as well as a lower overall level of activity with total mortgage and loan commitments projected at \$1.316 billion. Detailed schedules reflecting the current budget assumptions as well as the changes from the original submission are attached as Exhibit A for your review.

If you should have any questions regarding the above or require additional information do not hesitate to contact me.

Sincerely,



Michael S. Lynch
Executive Director

MSL:de

Enclosures

Revised 2-22-84

ALASKA HOUSING FINANCE CORPORATION
SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS
Fiscal Year 1985

(In Millions)

	<u>Estimated Carry-Over From FY '84</u>	<u>Program Repayments And Earnings</u>	<u>Bond Proceeds</u>	<u>Sales Costs</u>	<u>Subsidy Subsidy</u>	<u>Subsidy Allocation</u>	<u>Estimated Carry-Over To FY '86</u>	<u>Estimated FY '85 Mortgage Demand</u>
Taxable First Mortgage Program State Assisted Mortgage Bonds - Single-Family and Duplex Triplex and Four-plex	\$ 5	\$ 44 25	\$ 575	\$(11)	\$ 149	\$ 15	\$ 100 5	\$ 672 25
First Mortgage Veterans' Program - State Guaranteed Veterans' Bonds	(27)		575	(12)	86		75	547
Mobile Home Loan Bond Program	84						14	70
Taxable Second Mortgage Program - Second Mortgage Bonds	12						10	2
Reserve to Complete Open Series	—	—	—	—	15	(15)	—	—
TOTAL	<u>\$ 74</u>	<u>\$ 69</u>	<u>\$1,150</u>	<u>\$(23)</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ 204</u>	<u>\$1,316</u>

Revised 2/22/84

ALASKA HOUSING FINANCE CORPORATION
 Summary of Mortgage Demand and Proposed Financings
 Fiscal Year 1985

(In Millions)

	<u>Mortgages</u>	<u>Investments</u>	<u>Total</u>
Beginning Balances July 1, 1984	\$ 68.000	\$ 131.000	\$ 199.000
SAM Series G Subsidy Reversion (6/1/85)		25.000	25.000
Estimated Earnings of SAM Fund		10.000	10.000
Mortgage Prepayment Transfers	<u><68.000></u>	<u>68.000</u>	<u>---</u>
Available for Subsidy	\$ <u><u>-0-</u></u>	\$ <u><u>234.000</u></u>	\$ <u><u>234.000</u></u>

Estimated Required Subsidy	\$ 250.000
Estimated Subsidy Available (per above)	\$ <u>234.000</u>
FY 86 Required Subsidy Appropriation	\$ <u><u>16.000</u></u>

fd8b

2/21/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Changes

FY 85 Capital Budget
Special Mortgage Loan Purchase Program

	<u>As Originally Submitted</u>	<u>As Revised 2/21/84</u>
Carryforward from FY 84	\$ 140	\$ 199
SAM Series G Reversion	25	25
Earnings on SAM Fund	5	10
Adjustment for Mortgages used as Subsidy	<14> <u>156</u>	- <u>234</u>
Total Required Subsidy	<u>227</u>	<u>250</u>
Appropriation	\$ <u>71</u>	\$ <u>16</u>

Bonding and Subsidy Assumptions

	<u>Bonds</u>	<u>Subsidy</u>	<u>Bond</u>	<u>Subsidy</u>
Taxable First Mortgage Bonds	\$ 550	\$ 149	\$ 575	\$ 149
Veterans Bonds	700	49	575	86
Home Mortgage Bonds	125	14		
Reserve to Complete Open Series	<u>—</u>	<u>15</u>	<u>—</u>	<u>15</u>
	<u>\$1,375</u>	<u>\$ 227</u>	<u>\$1,150</u>	<u>\$ 250</u>
Total Mortgage Loan Demand	<u>\$1,480</u>		<u>\$1,316</u>	

fd3f.1a

2/21/84

ALASKA HOUSING FIANCE CORPORATION

Summary of Changes
 FY 85 Capital Budgets
 Special Mortgage Loan Purchase Program

Subsidy As Originally Submitted \$ 71

Reconciliation to FY 85 Revision 2/21/84

Decreases due to:

Increase in estimated carryforward from FY 84	<59>
Increased estimated fund earnings for FY 85	< 5>
Lack of mortgage discounting	<14>

Increase in estimated subsidy pledge requirements (\$250-\$227)
 for FY 85

23

FY 85 Appropriation

\$ 16

2/21/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Changes - Total Subsidy Requirements
FY 85 Capital Budgets

Total Subsidy as Originally Submitted		\$ 227
<u>Reconciliation to FY 85 Revision of 2/21/84</u>		
Decreased subsidy ratio - Taxable Bonds (\$550 x .01)	\$ <6>	
Decreased bonding - Taxable	<27>	
Decreased bonding - Veterans (\$125 x .150)	<19>	
Deletion of Home Mortgage Bonds (\$125 x .158)	19	
Increased subsidy ratio - Veterans (\$700 x .0796)	<u>56</u>	<u>23</u>
Total Subsidy		\$ <u>250</u>

AMENDMENT

OFFERED IN THE HOUSE:

By: Rep. Fuller

To: _____ **HOUSE BILL No.** 650

SENATE BILL No. _____

PAGE: _____

LINE: _____

New Section:

Please add the following:

Sec. The sum of \$1,900,000 is appropriated from the general fund to the division of housing assistance in the Department of Community and Regional Affairs for a grant from the senior citizens' housing development fund for the Norton Sound Health Corporation Senior Citizen Retirement Facility to be constructed at Nome.

NORTON SOUND HEALTH CORPORATION
Norton Sound Regional Hospital

Retirement Home Project

Goal

To construct and operate a facility which will provide long term nursing home care for the elderly, and temporary living quarters for locum tenan physicians.

Background

Norton Sound Health Corporation and Regional Hospital has assumed a leadership role in health services delivery to the Bering Straits Region, consisting of approximately 50,000 square miles of subarctic topography including fifteen isolated Native villages and the hub city of Nome.

The hospital services began as an effort by the United Methodist Church in late 1940's to provide acute care to these remote regions. Norton Sound Health Corporation was formed in 1970 under a federally demonstrated project to show the viability of consumer-directed health care delivery and to develop indigenous health care providers. By 1972 it extended medical outreach by training Community Health Aides and assisted with construction of clinics in each of the fifteen villages. In 1977 NSHC purchased the existing private hospital and expanded the facility in 1978.

Over the last thirteen years NSHC has developed a full array of primary patient care and prevention services. Ever-striving to meet the needs of the region, the corporation now comes to this next giant step forward in addressing the health needs of the citizens of the Bering Straits Regions of Northwest Alaska.

Statement of the Problem

Housing, or lack thereof, directly affects the delivery of health care services in Nome. The three major groups to whom this applies are (1) the elderly, (2) villagers, and (3) temporary physicians to supplement resident medical staff.

A Home-Like Environment is simply not expected in sterile hospital rooms designed for streamlined medical efficiency, yet this is the setting for many elders of Norton Sound. And those which the hospital cannot accommodate bedwise, are forced to transfer from the region—away from home, away from the familiar. Yet for fear of being unable to remain in the region, many families attempt to keep parents in the home, far beyond a medically sound period of time.

\$800 for a One-bedroom Apartment is common in Nome—that is, when a vacancy can be located. Recruitment is a difficult challenge. Due to the remoteness of "bush" hospitals, resident medical staff must be supplemented with "locum tenans", physicians willing to come for one to three month blocks of service. Inconvenient, costly housing and unavailability only compounds problems of recruitment and retention.

Solution

The housing of elders, villagers, and medical staff may seem to be separate and unrelated problems. While that may be true, the solution presented by NSHC identifies commonality. A structure has been designed with a program concept which demonstrates the inter-relatedness.

Through the Physical Structure, close proximity with the hospital will mean shared services between the buildings, thus minimizing costs. There will be accessibility for "sick call" checks and treatment delivered to the elders, convenience to boarders for medical appointments, and quick response by medical staff for night calls.

Programatically, the boarders will act as a support group for one another through the course of their illness's or diagnostic testing. This will be a contact for the elders with news, Native tongue, and indigenous foods from the villages, and an additional opportunity for cultural awareness by the temporary medical staff. Thus, the facility is designed to both provide shelter and meet human needs.

Cost

The construction estimates and design have been developed by Fryer/Pressley Engineering of Anchorage. It seemed only natural to seek their guidance to develop a structure which will encompass the program(s) that NSHC, herein, is proposing, because of their experience in Alaska as well as with health care delivery systems.

The total cost of \$1,900,000 includes construction, land acquisition, furnishings, and equipment. Within the 11,344 square foot structure are included eight home-like units for the elderly, lodging for five boarders and from the villages for diagnosis and treatment, housing for three locum tenan physicians, along with all of the support areas that the program requires. Believing in this concept, NSHC is committing the budget for operation and maintenance of the program.

Pre-Construction. This includes the program and project planning, architectural and engineering design, preparing and mapping the site, pre-construction project administration, staff and consultant travel, and other reimbursable expenses, and legal expenses.

Construction Contract. This item includes not only the initial construction contract, but allows for contingency changes during construction (at 5%) and a contingency for design and inflation (at 5%).

Furnishings and Equipment. The facility will be fitted with complete furnishings, appliances, and necessary equipment for all areas of the building.

Construction and Administration. This item includes project administration during construction, architectural and engineering administration and inspections, materials testing, reimbursable expenses for staff and consultant travel, and administrative contingency (at 10%) during the construction phase.

Land Acquisition. The land to be purchased is approximately four to five acres presently owned by the Alaska Gold Company.

Program/Personnel. The locum tenan physician apartments will be subsidized rental income to NSHC. The retirement home rooms will be partially reimbursed by Medicare, Medicaid, third party insurance, and private party payments. The retirement home fees will be especially cost efficient due to shared services with the hospital, such as laundry, plant operations, dietary, material management, personnel, finance, and other administrative overhead. The total budget for program and personnel expenses is financed by Norton Sound Health Corporation.

Proposed Budget—FY '85

PRE CONSTRUCTION

Program and Project Plan	\$ 8,246
A/E Design	80,030
Soil and Mapping	13,581
Pre-Construction Project Administration	10,670
Reimbursable Expenses	26,677
Legal Expenses	8,246

TOTAL Pre-Construction \$147,450

CONSTRUCTION CONTRACT

Initial Contract	\$1,227,130
Contingency for Changes During Construction (@ 5%)	61,356
Contingency for Design/Inflation During Construction (@ 5%)	61,356

TOTAL Construction Contract \$1,349,842

FURNISHINGS AND EQUIPMENT

\$72,755

CONSTRUCTION ADMINISTRATION

Project Administration	\$12,126
A/E Construction Administration and Inspections	21,826
Materials Testing	5,335
Reimbursable Expenses	10,670
Administrative Contingency During Construction (@ 10%)	4,996

TOTAL Construction Administration \$54,953

LAND ACQUISITION

4 to 5 acres @ \$1.25 per square foot \$275,000

PROGRAM/PERSONNEL

local contribution

TOTAL PROJECT BUDGET REQUEST \$1,900,000

STATE OF ALASKA
DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

REPLY TO: POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 485-4700
 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 583-1073

March 14, 1984

Alaire Stanton
Administrative Assistant
Office of the Honorable Rick Uehling
Pouch V
Juneau, Alaska 99801

CS HB 650

Sec. 5

RE: Senior Citizen's Housing Development Fund

Dear Ms. Stanton:

The following projects have received planning grants from the Senior Citizen Housing Development Fund. These projects are in the process of being developed and the grant recipients are preparing to submit a grant application for construction funding.

<u>LOCATION</u>	<u>SPONSOR</u>	<u>UNITS</u>	<u>CONSTRUCTION COST</u>
Anchorage	Cook Inlet Housing Auth	60	6,000,000
Anchorage	Meridian Living, Inc.	35	3,500,000
Angoon	Tlingit-Haida Housing Auth	12	1,200,000
Dillingham	Bristol Bay Housing Auth	15	1,500,000
Fairbanks	City of Fairbanks	25	2,500,000
Klawock	Tlingit-Haida Housing Auth	10	1,000,000
Metlakatla	City of Metlakatla	15	1,500,000
Wasilla - Phase II	ASHA	15	<u>1,500,000</u>
	TOTAL	187	* \$18,700,000

*THIS IS THE TOTAL ESTIMATED COST OF DESIGN AND CONSTRUCTION.

Cook Inlet Housing Authority will not be requesting funding for the 60 unit intermediate care frail elderly project in FY '85. There is currently a \$746,000 appropriation in HB 691 for planning and design for the project.

It is possible that one or two of the projects will not be ready for construction funding in FY '85. We also expect approximately 2.5 million dollars in HUD construction funds to be available.

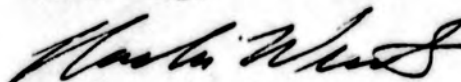
In addition to the above projects, the following planning grant requests have recently been received and are being reviewed:

HOMER PHASE II	KACHEMAK BAY SENIOR HOUSING, INC.
KAKE	TLINGIT-HAIDA HOUSING AUTHORITY
YAKUTAT	TLINGIT-HAIDA HOUSING AUTHORITY

The Housing Assistance Division has also been working with the communities of Haines and Kake, and we anticipate they will apply for planning grants in the near future.

I hope this answers your questions; if I can be of further help, please let me know.

Sincerely,



Nadine Winters
Special Assistant

CS HB 650 Sec 6

Loans Budget

1. Fisheries Enhancement Loan Program addition of \$5,335,000 in general funds.

The Governor's original FY 85 budget request included no additional funding for the Fisheries Enhancement Loan Program with the intent that the Fisheries Mini-Cabinet should make a recommendation for program funding to be submitted as an FY 85 budget amendment. After an extensive review of anticipated program need in FY 85 for operating loans, capital improvements and new construction, it has been determined by the Mini-Cabinet that an additional \$5,335,000 in general funds will be required in FY 85. The Department of Commerce and Economic Development has prepared a detailed list of aquaculture associations identified for loans in FY 85 (copy enclosed).

2. Alaska Power Authority (APA) Power Project Loan for Thorne Bay in the amount of \$275,000 in general funds.

At its February 22, 1984 meeting, the APA Board of Directors was presented and approved a request in the amount of \$275,000 for a loan to the City of Thorne Bay from the Power Project Loan Fund. The purpose of the loan will be to purchase the City's existing electrical system from the Louisiana Pacific Corporation and to acquire a back-up diesel generator.

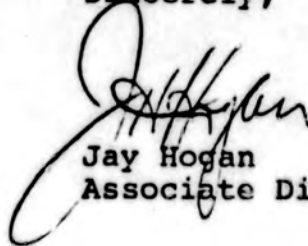
The City currently owes \$110,000 on its existing system which is drawing monthly payments of approximately \$1,050 pending the arrangement of long term financing. The City was incorporated in 1982, and was required at that time to purchase the electrical system, then owned by Louisiana Pacific Corporation. Because of its short period of existence and limited resources the City has requested this loan to reduce the financial burden of electrical generation on the residents of Thorne Bay.

Thorne Bay's existing electrical system consists of a 500 kilowatt generator, which has less than six months useful life remaining, without back-up. The unit previously used as a back-up is inoperative and cannot be overhauled. Furthermore, new loads which are coming on line will require additional capacity as soon as possible. The City is

March 8, 1984

planning to attempt to lease a 450 kilowatt diesel unit to provide power to the Forest Service and the Southeast Island School District. Availability of a State loan will enable the City of Thorne Bay to purchase the second diesel unit. Copies of the requests from the Alaska Power Authority and the City of Thorne Bay are enclosed.

Sincerely,



Jay Hogan
Associate Director

ems/1669

Enclosures

cc: Senator Jalmar Kertulla
President of the Senate

MEMORANDUM

State of Alaska

TO: Jay Hogan, Director
Division of Budget Review
Office of Management & Budget
Office of the Governor

DATE: February 28, 1984

FILE NO:

TELEPHONE NO:

FROM: Lois Cook, Director *LC*
Division of Administrative Services
Department of Commerce & Economic
Development

SUBJECT: FY '85 Budget Amendment for
the Fisheries Enhancement
Loan Program

1 Loans

The Fisheries Mini-Cabinet has recommended an FY '85 appropriation of \$5,335,000 to the Fisheries Enhancement Loan Program. This appropriation, combined with funds that will be carried forward into FY '85, will fund the following:

Operation Loans (existing)	\$ 2,968,000
Capital Improvements (existing)	3,339,000
Operation/Construction (new)	<u>10,600,000</u>
	\$16,907,000

Your approval is requested.

LJC/cw#10R1
22884a
Attachment

OFFICE OF
MANAGEMENT & BUDGET

FEB 29 1984

BUDGET REVIEW

Operation Loan Requests - During the start up period of each hatchery, until broodstock and surplus returns can be built to capacity, assistance in meeting the annual operating costs will be given in the form of operating loans. Without these loans most facilities would be forced to close their doors.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 80,000
Armstrong-Keta, Inc. (Port Armstrong)	251,000
Cook Inlet Aquaculture (Eklutna Lake)	130,000
Douglas Island Pink & Chum (Sheep Creek)	5,000
Kake Nonprofit Fishery (Gunnuk Creek)	70,000
Meyers Chuck Aquaculture Association	98,000
Nerka, Inc (Perry Island)	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	300,000
Northern Southeast Regional Aquaculture Association (Medvejie)	210,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	500,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	200,000
Tlingit Haida Fisheries (Sandy Bay)	230,000
Valdez Fisheries Development (Solomon Gulch)	450,000
Additional Requests and Increases	<u>300,000</u>
Total Operation Loans (FY '85)	\$ 2,968,000

Capital Improvement Loans - These loans are to be made to existing facilities who are building in phases or purchasing capital items to bring a facility to its maximum permitted potential.

<u>Facility Name</u>	<u>FY '85 Request</u>
Alaska Aquaculture Foundation (Burnett Inlet)	\$ 300,000
Armstrong-Keta, Inc. (Port Armstrong)	85,000
Cook Inlet Aquaculture (Eklutna Lake)	200,000
Kake Nonprofit Fishery (Gunnuk Creek)	85,000
Meyers Chuck Aquaculture Association	44,000
Northern Southeast Regional Aquaculture Association (Salmon Creek)	500,000
Southern Southeast Regional Aquaculture Association (Whitman Lake)	50,000
Southern Southeast Regional Aquaculture Association (Neets Bay)	150,000
Valdez Fisheries Development (Solomon Gulch)	300,000
Total Capital Improvement Loans	\$ 1,714,000
Northern Southeast Regional Aquaculture Association (Medvejie)	<u>1,625,000</u>
	<u><u>\$ 3,339,000</u></u>

Operation/Construction Loans

Prince William Sound Aquaculture Association (Esther Lake)	\$10,000,000
Meyers Chuck Aquaculture Association	600,000
	<u><u>\$10,500,000</u></u>

CS HB 650

Sec. 9

LOAN REVOLVING FUND STATUS

MARCH 1, 1984

Balance Forward	\$4,725,019.86
FY84 Appropriation	60,000,000.00
Program Receipts	
Principal	3,092,924.13
Interest +	647,424.08
Pending	609,925.44
	<u>69,075,343.51</u>

LOAN AWARDS (March 2, 1984)	<u><63646,003.24></u>
Balance	\$ 5,429,340.27
Federal Receipts (GSL)	398,538.12
	<u>\$ 5,827,878.39</u>

PROJECTED AWARDS (THRU SUMMER)	
1,100 loans @ \$2,300	<u><2,530,000.00></u>
Balance	\$ 3,297,878.39

PROJECTED PROGRAM RECEIPTS	
(TWO MONTHS)	<u>935,087.05</u>
	\$ 4,232,965.44

FY 85	16,000 loans @ \$4,900 = \$78,400,000
	Receipts (est.)
	<u><9,929,389></u>
	\$ 68,470,611
	Carry-over
	<u><4,000,000></u>
	64,470,611

G.F. Need \approx \$64.0 MILLION

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

OFFICE OF THE GOVERNOR

POUCH AM
JUNEAU, ALASKA 99811
PHONE: (907) 465-3668

OFFICE OF MANAGEMENT AND BUDGET DIVISION OF BUDGET REVIEW

March 8, 1984

The Honorable Albert P. Adams
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

LOANS -
SEE pg 6.

Dear Representative Adams:

Subject: FY 85 Operating and Loan Budget Amendments for
the Department of Commerce and Economic Development

Please amend the Governor's FY 85 operating and loan budgets for the Department of Commerce and Economic Development to accommodate changes to the following Budget Request Units (BRUs) and programs:

Operating Budget

1. Insurance BRU increase of \$45,000 in general funds for investigations and examinations.

The Division of Insurance included \$45,000 in program receipts in its FY 85 budget request using as authority AS 21.06.160, which allows the Division to allocate examination costs to examinees. This request was not included in the Governor's budget because of questions regarding the Division's authority to receive these reimbursements as program receipts. Consequently, the Division's budget was allocated a \$45,000 reduction, \$24,400 in personal services, \$15,600 in travel, and \$5,000 in contractual services. Approval of this budget amendment will have the effect of restoring the Division's budget to the Department's original request.

If this request is not approved the result will be an increase of the Division's vacancy assessment from the desired level of 3% to 5.8% which may require the Division to leave positions vacant during FY 85, a reduction in travel which is key to the number of investigations and examinations

that can be conducted, and a reduction in contractual services for the professional assistance of auditors during the investigative process.

No other agency has the responsibility or the expertise to conduct these investigations. It should further be noted that all examination and investigation costs are recoverable by the Division and will be deposited in the General Fund.

2. Tourism BRU reduction of \$110,000 in general funds for cooperative State/federal visitor centers.

The Governor's original budget contains \$200,000 in general funds which have been added to the Tourism Division for the State's share of joint State/federal visitor information centers in Anchorage and Fairbanks. Recent correspondence from the U.S. Department of Interior, National Park Service, indicates that only \$90,000 will be required from the State in FY 85.

3. Alaska Public Utilities Commission (APUC) addition of two full-time positions which will be funded through vacancy and turnover.

This net-zero budget amendment will add an administrative support technician and a hearing officer to the APUC. Both will be funded from vacancy and turnover during FY 85. The APUC's current budget includes no vacancy assessment. The addition of these two positions at a cost of \$78,100 will establish a vacancy factor of approximately 3%. A review of the historical vacancy factor applied in previous budget years to the APUC suggests that the application of a 3% vacancy factor would be appropriate.

The addition of these positions is important to the Commission's ability to process an expanded caseload and to the improvement of the quality and efficiency of the APUC's order writing function.

4. Real Estate Commission transfer of \$67,000 to personal services and \$20,000 to travel from the contractual line item.

The purpose of this amendment is to add funds for a full-time hearing officer to eliminate the need to contract for private attorneys for Real Estate Commission hearings, and to transfer additional funds to the travel line item to reflect the actual travel requirements for Real Estate Board

meetings in FY 85. The additional funds are available for transfer to the travel line item due to costs savings which will be incurred through the use of a dedicated in-house hearing officer.

This amendment was not included in the Department's original budget because it was not until February 22, 1984, that the Department of Law notified the Commission that it had the legal authority to employ an in-house hearing officer. A copy of a memo from the Attorney General's office approving the Commission's request is enclosed.

5. Alaska Power Authority (APA) addition of 13 full-time positions and \$887,700 in general funds to the Administration Component; reduction of one full-time position and \$42,700 in general funds from the Power Cost Assistance component; and increase of 13 full-time positions and \$1,065,600 interagency receipts to the CIP Costs component.

This request is based on the recommendations of the management consulting firm Chas. T. Main, Inc., together with Arthur Young & Company, after an extensive management and organizational review of the APA.

As the enclosed memo from Larry Crawford, Executive Director of the APA, indicates the present organization is that of an emerging agency with relatively few people accomplishing a multitude of functions. It is now time, however, to develop an organization that can better manage power projects. The Authority needs to monitor projects, carry out some of the reconnaissance, feasibility and other technical functions, and be able to more fully evaluate the technical scope of projects and the technical competence of the contractors who carry out various tasks.

It is important for the APA to have a staff which can technically review, comment, value engineer, and add more expertise to the design and construction of power projects. This would be particularly true if Susitna were to proceed. However, even without Susitna, a project the size of Bradley Lake (90 megawatts) is beyond anything attempted to date by the APA, and will require more active input, control, and technical evaluation than any project yet attempted.

The proposed organization (copy of organizational chart is enclosed) is one in which personnel are arranged along functional lines to allow for maximum utilization of expertise within the APA, improved efficiency, and increased quality control. Some of the direct benefits of this reorganization will include a reduction in overall major project costs and increased direct State control over the development of power projects.

As the enclosed list of positions indicates, the management consultants have recommended a number of reclassifications along with the proposed new positions to set in place an effective organizational structure.

It should be noted that this request was not included in the original budget request because the consultant's recommendations were not presented to the APA Board of Directors until February 22, 1984.

6. Occupational Licensing BRU, Administration component, increase of \$110,000 in general funds for staff support to the Guide Board.

The Guide Licensing and Control Board is established under the Department of Commerce and Economic Development (DCED), Division of Occupational Licensing by authority of AS.08.54. In keeping with statutory authority and responsibility, this amendment will transfer staff support functions for the Guide Board from the Department of Public Safety, Division of Fish and Wildlife Protection, to the Department of Commerce and Economic Development, Division of Occupational Licensing.

Funding for this support is broken down into three parts. First, a full-time administrative assistant II is currently assigned to the Guide Board. The transfer of this position to Occupational Licensing will cost 52,900; however, it is only partially funded in Public Safety's FY 85 budget in the amount of \$20,000. An additional \$32,900 in excess of the amount transferred from Public Safety is therefore required by Occupational Licensing to fully fund this position in FY 85.

Second, a new clerk typist III position is required to provide necessary clerical support to the Board and to assist the licensing staff in

Board related matters. The cost of this position will be \$37,100 in FY 85.

Third, legal support for the Guide Board is currently provided by an attorney assigned to Fish and Wildlife Protection by the Department of Law. Approximately one-third of the attorney's time is spent on Guide Board matters. The total cost of the attorney in FY 85 will be \$70,000; however, the Governor's budget currently includes only \$50,000 for legal services. Therefore, an additional \$20,000 is needed by Occupational Licensing to fully fund the position in FY 85 and ensure adequate legal support for Guide Board cases.

In sum, a total of \$110,000 and two full-time positions is required by the Division of Occupational Licensing for Guide Board support in FY 85. This amount will be partially offset by the transfer of \$20,000 and one full-time position from the Department of Public Safety's FY 85 budget.

7. FY 85 Technical Budget Amendment, Department of Commerce and Economic Development, Division of Tourism.

With the concurrence of the Governor and the Alaska Visitors Association, the Department of Commerce and Economic Development, Division of Tourism requests deletion of language referring to the expenditure of \$500.0 in general funds for an Expo 86 exhibit from its FY 85 budget request.

After a careful review of the funding required to provide an exhibit of quality high enough to compete with those of other states and to adequately represent Alaska, it was determined by the Division that significantly more would be necessary for an exhibit and that the monies could be better spent on media advertising. These funds will be directed to media advertising in FY 85 to compensate for a \$1,300,000 reduction sustained in that activity in FY 84.

This budget amendment leaves unchanged the Governor's amended budget request of \$7,108,700 general funds for the Division of Tourism.

Loans Budget

1. Fisheries Enhancement Loan Program addition of \$5,335,000 in general funds.

The Governor's original FY 85 budget request included no additional funding for the Fisheries Enhancement Loan Program with the intent that the Fisheries Mini-Cabinet should make a recommendation for program funding to be submitted as an FY 85 budget amendment. After an extensive review of anticipated program need in FY 85 for operating loans, capital improvements and new construction, it has been determined by the Mini-Cabinet that an additional \$5,335,000 in general funds will be required in FY 85. The Department of Commerce and Economic Development has prepared a detailed list of aquaculture associations identified for loans in FY 85 (copy enclosed).

2. Alaska Power Authority (APA) Power Project Loan for Thorne Bay in the amount of \$275,000 in general funds.

At its February 22, 1984 meeting, the APA Board of Directors was presented and approved a request in the amount of \$275,000 for a loan to the City of Thorne Bay from the Power Project Loan Fund. The purpose of the loan will be to purchase the City's existing electrical system from the Louisiana Pacific Corporation and to acquire a back-up diesel generator.

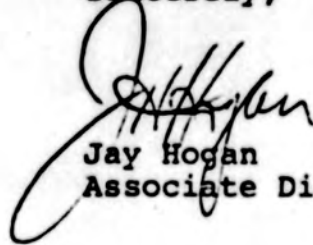
The City currently owes \$110,000 on its existing system which is drawing monthly payments of approximately \$1,050 pending the arrangement of long term financing. The City was incorporated in 1982, and was required at that time to purchase the electrical system, then owned by Louisiana Pacific Corporation. Because of its short period of existence and limited resources the City has requested this loan to reduce the financial burden of electrical generation on the residents of Thorne Bay.

Thorne Bay's existing electrical system consists of a 500 kilowatt generator, which has less than six months useful life remaining, without back-up. The unit previously used as a back-up is inoperative and cannot be overhauled. Furthermore, new loads which are coming on line will require additional capacity as soon as possible. The City is

March 8, 1984

planning to attempt to lease a 450 kilowatt diesel unit to provide power to the Forest Service and the Southeast Island School District. Availability of a State loan will enable the City of Thorne Bay to purchase the second diesel unit. Copies of the requests from the Alaska Power Authority and the City of Thorne Bay are enclosed.

Sincerely,



Jay Hogan
Associate Director

ems/1669

Enclosures

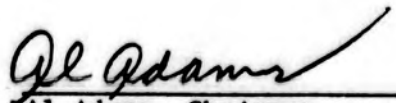
cc: Senator Jalmar Kertulla
President of the Senate

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE
LETTER OF INTENT
FOR
COMMITTEE SUBSTITUTE FOR HOUSE BILL 650 (LOANS)

It is the intent of the Legislature that the department give priority consideration under the Alternative Technology and Energy Loan program to loan requests that evidence the greatest potential for energy savings to the applicant and the State. It is further intended that forty percent of the loan funds shall be reserved for use in areas that are not connected to a power grid or have a rate in excess of 20¢/kwh, notwithstanding or including the power cost assistance programs. In general, loan requests shall be approved based on the following priority list:

1. Solar electric generation equipment, including photoelectric cells systems;
2. wind systems;
3. hydroelectric systems;
4. woodstoves with catalytic converters and catalytic converters for woodstoves;
5. multifuel systems;
6. passive solar systems, including solar heating units and sun spaces; and
7. active solar systems, including solar collectors.



Al Adams, Chairman
House Finance Committee

Alaska HOUSING  FINANCE CORPORATION

March 2, 1984

The Honorable Rick Uehling
Chairman, House Special
Committee on Loans
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Chairman Uehling:

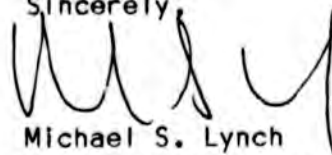
The Corporation has completed a review of the anticipated mortgage loan financing activity for FY '85 and related subsidy requirements. The initial capital budget request was based generally upon information available as of June 30, 1983, and indicated \$105 million would be necessary to continue to operate the Special Mortgage Loan Purchase Program and Mobile Home Loan Program through FY '85.

Utilizing updated information through December 31, 1983, and assumptions reflecting current financing plans the total capital budget request is revised to \$16 million. This appropriation should be made to the Alaska Housing Finance Revolving Fund. As the Corporation plans to finance the FY '85 mobile home loan activity through the sale of bonds during FY '84, an appropriation for the Mobile Home Loan Program is not being requested.

The revised budget reflects the deletion of the Home Mortgage Bond issues pursuant to current federal restrictions as well as a lower overall level of activity with total mortgage and loan commitments projected at \$1.316 billion. Detailed schedules reflecting the current budget assumptions as well as the changes from the original submission are attached as Exhibit A for your review.

If you should have any questions regarding the above or require additional information do not hesitate to contact me.

Sincerely,


Michael S. Lynch
Executive Director

MSL:de

Enclosures

Revised 2-22-84

ALASKA HOUSING FINANCE CORPORATION
 SPECIAL MORTGAGE LOAN PURCHASE PROGRAM
 SUMMARY OF MORTGAGE DEMAND AND PROPOSED BOND FINANCINGS
 Fiscal Year 1985

(In Millions)

	Estimated Carry-Over From FY '84	Program Repayments And Earnings	Bond Proceeds	Sales Costs	Subsidy Subsidy	Subsidy Allocation	Estimated Carry-Over To FY '86	Estimated FY '85 Mortgage Demand
Taxable First Mortgage Program State Assisted Mortgage Bonds - Single-Family and Duplex Triplex and Four-plex	\$ 5	\$ 44 25	\$ 575	\$(11)	\$ 149	\$ 15	\$ 100 5	\$ 672 25
First Mortgage Veterans' Program - State Guaranteed Veterans' Bonds	(27)		575	(12)	86		75	547
Mobile Home Loan Bond Program	84						14	70
Taxable Second Mortgage Program - Second Mortgage Bonds	12						10	2
Reserve to Complete Open Series	---	---	---	---	15	(15)	---	---
TOTAL	\$ <u>74</u>	\$ <u>69</u>	\$ <u>1,150</u>	\$ <u>(23)</u>	\$ <u>250</u>	\$ <u>-</u>	\$ <u>204</u>	\$ <u>1,316</u>

CARRY FORWARD

Revised 2/22/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Mortgage Demand and Proposed Financings
Fiscal Year 1985

250-44

(In Millions)

	<u>Mortgages</u>	<u>Investments</u>	<u>Total</u>
Beginning Balances July 1, 1984	\$ 68.000	\$ 131.000	\$ 199.000
SAM Series G Subsidy Reversion (6/1/85) <i>STATE RESISTED MORTGAGE</i>		25.000	25.000 <i>3-4 yrs</i>
Estimated Earnings of SAM Fund		10.000	10.000
Mortgage Prepayment Transfers	<68.000>	68.000	---
Available for Subsidy	\$ <u>-0-</u>	\$ <u>234.000</u>	\$ <u>234.000</u>

Estimated Required Subsidy	\$ 250.000
Estimated Subsidy Available (per above)	\$ <u>234.000</u>
FY 86 Required Subsidy Appropriation	\$ <u>16.000</u>

fd8b

2/21/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Changes

FY 85 Capital Budget
Special Mortgage Loan Purchase Program

	<u>As Originally Submitted</u>	<u>As Revised 2/21/84</u>
Carryforward from FY 84	\$ 140	\$ 199
SAM Series G Reversion	25	25
Earnings on SAM Fund	5	10
Adjustment for Mortgages used as Subsidy	<u><14> 156</u>	<u>- 234</u>
Total Required Subsidy	<u>227</u>	<u>250</u>
Appropriation	\$ <u>71</u>	\$ <u>16</u>

Bonding and Subsidy Assumptions

	<u>Bonds</u>	<u>Subsidy</u>	<u>Bond</u>	<u>Subsidy</u>
Taxable First Mortgage Bonds	\$ 550	\$ 149	\$ 575	\$ 149
Veterans Bonds	700	49	575	86
Home Mortgage Bonds	125	14		
Reserve to Complete Open Series	<u>—</u>	<u>15</u>	<u>—</u>	<u>15</u>
	<u>\$1,375</u>	<u>\$ 227</u>	<u>\$1,150</u>	<u>\$ 250</u>
Total Mortgage Loan Demand	<u>\$1,480</u>		<u>\$1,316</u>	

fd3f.1a

2/21/84

ALASKA HOUSING FIANCE CORPORATION

Summary of Changes
 FY 85 Capital Budgets
 Special Mortgage Loan Purchase Program

Subsidy As Originally Submitted \$ 71

Reconciliation to FY 85 Revision 2/21/84

Decreases due to:

Increase in estimated carryforward from FY 84	<59>
Increased estimated fund earnings for FY 85	< 5>
Lack of mortgage discounting	<14>

Increase in estimated subsidy pledge requirements (\$250-\$227)
 for FY 85

23

FY 85 Appropriation

\$ 16

2/21/84

ALASKA HOUSING FINANCE CORPORATION

Summary of Changes - Total Subsidy Requirements
FY 85 Capital Budgets

Total Subsidy as Originally Submitted		\$ 227
<u>Reconciliation to FY 85 Revision of 2/21/84</u>		
Decreased subsidy ratio - Taxable Bonds (\$550 x .01)	\$	<6>
Decreased bonding - Taxable		<27>
Decreased bonding - Veterans (\$125 x .150)		<19>
Deletion of Home Mortgage Bonds (\$125 x .158)		19
Increased subsidy ratio - Veterans (\$700 x .0796)	<u>56</u>	<u>23</u>
Total Subsidy		\$ <u>250</u>

Asper

*Reed
3/13/84*

A M E N D M E N T

Offered in the HOUSE

By Uehling

TO: HB 650

Page 1, funding information, change funding information to read:

Funding Information

General Fund	\$190,400,000
Other Funds	<u>1,875,000</u>
	\$190,275,000

Page 2, after line 24, insert new bill sections to read:

"* Sec. 13. The sum of \$275,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to the City of Thorne Bay for the purchase of the existing electric system in Thorne Bay.

* Sec. 14. The sum of \$1,100,000 is appropriated from the power project fund (AS 44.83.170) to the Alaska Power Authority for a loan to a qualified borrower to construct the Craig-Klawock electrical intertie."

Renumber succeeding sections accordingly.

Page 2, line 25:

After "by", insert "secs. 1 - 12 of"

TELECOPY COVER SHEET
ANCHORAGE INFORMATION OFFICE

TO: Rep. Uehling FOR: _____ PHONE: _____

FROM: Patty DeJong, APA PHONE: 276-0001

ADDITIONAL INSTRUCTIONS: please call on arrival

DATE/TIME SENT: 2/29 4:00 PLEASE ACK. RECEIPT: X

DISPOSAL OF ORIGINAL: THROW AWAY
 HOLD FOR PICK UP

NUMBER OF PAGES: 2 (NOT COUNTING COVER SHEET)

BY: Shuler

ALASKA POWER AUTHORITY

334 WEST 8th AVENUE - ANCHORAGE, ALASKA 99501

Phone: (907) 277-7641
(907) 276-0001

February 29, 1984

The Honorable Rick Uehling
Chairman, House Resources Committee
Pouch V
Juneau, Alaska 99811

Subject: Craig-Klawock Intertie

Dear Representative Uehling:

As a follow-up to the Resources Committee hearing on Rural Electrification Loans held on February 22, 1984 we were asked to provide a brief description of the parties involved in the Craig-Klawock Intertie on Prince of Wales Island.

The 6.6 mile intertie would connect the Craig and Klawock utilities with a sawmill that produces woodwaste electricity generated from a small steam plant utilizing waste wood. If engineering and construction began in 1984, the line could be complete by late 1985 at a total cost of \$1,860,000. The State has \$750,000 from a previous appropriation available as an equity contribution to the project and is requesting the balance of \$1,110,000 to be made available as a loan under the Power Project Loan Fund for the Craig-Klawock Intertie.

Principle Parties

Alaska Timber Corporation (ATC) operates a sawmill located on the transmission line route between Klawock and Craig. The mill has offered to sell non-firm electrical energy from its steam plant to the utilities in Craig and Klawock to displace their diesel generation when the mill does not need it. The mill also has 1800 kw of diesel generation that can be used as emergency back up if the systems were interconnected. Alaska Power Authority estimates 2,000,000 kwh could be sold annually to Craig and Klawock.

Tlingit-Haida Regional Electric Authority (THREA) serves the village of Klawock with diesel generated electricity. Their present installed capacity is 1365 kw which provides reserves in excess of the amount needed to meet their recent peak loads of 500 kW. THREA has signed a contract with ATC for purchase of woodwaste energy which is contingent upon construction of the intertie. THREA also has proposed to offer back up diesel reserve capacity to the utility that serves Craig (AP&T) if the intertie is built. THREA has expressed interest in assuming the loan and building the intertie.

Representative Uehling
February 29, 1984
Page 2

Alaska Power and Telephone (AP&T) is a private investor-owned utility based on Port Townsend, Washington, that provides electrical and telephone service to Craig. Craig has grown rapidly in the last three years and peak loads now exceed 700 kw. The utility needs additional reserves to supplement its total installed capacity of 1050 kw. The company has expressed an interest in building the intertie to connect with Klawock and a project at Black Bear Lake. The City of Craig strongly supports the interconnection of AP&T with facilities in Klawock to share reserves and minimize brownouts which are a common complaint.

The Alaska Power Authority has conducted feasibility studies of energy alternatives for Prince of Wales Island, which included consideration of interconnection of Craig, Klawock, Hydaburg, Thorne Bay and Hollis. In 1982 the Power Authority applied to the Federal Energy Regulatory Commission for a license to construct the Black Bear Lake hydroelectric project which is near Klawock. In the meantime the Power Authority reports have recommended early interconnection of Craig and Klawock if surplus woodwaste energy could be made available at competitive cost. The Power Authority has \$750,000 available from a 1981 appropriation which was inserted in the budget at the request of local citizens but which was not enough to complete the line. The \$1,110,000 loan request will provide the necessary funds to complete the project if construction can begin in 1984 and be completed by 1985. The Power Authority would negotiate ownership of the substations and right-of-way as part of the State's equity investment and ownership. Maintenance of the line would be the responsibility of the operating utility.

Either THREA or AP&T would be eligible to apply for the loan to construct the intertie. Construction of the intertie would be contingent upon negotiation of contracts between any of the parties required to assure reserves to pay back the loan. The Power Authority's processing of the loan application would include a thorough review of power sales agreements between any of the above parties to the agreement and a review of revenues forecast to result from exchange of energy through the intertie.

We hope this information helps clarify the role of the principal parties for you. If you have any other questions please do not hesitate to contact us.

Sincerely,

Patti DeJong

Patti DeJong
Director of Project Evaluation

PD/jm

cc: Dave Palmer, City Administrator, City of Craig

87/074 F1

MAR 2 1984



CITY OF CRAIG

P.O. Box 23
Craig, Alaska 99921
(907) 826-3275

February 28, 1984

Representative Peter Goll
Pouch V
Juneau, Alaska 99811

Dear Peter:

The bill we discussed on the teleconference last night is HB650. The bill appropriates funds for certain state loan programs, in our case, an amount would be appropriated to the Alaska Power Authority for the Craig Klawock intertie.

This funding should have been included originally as it is found in the Governor's request (HB511, page 42 line 17) in the amount of \$1,110,000.

Alaire Stanton, aide for the House Special Committee on loans (465-4821) told me the appropriation was deleted because they thought it was supposed to be a grant, not a loan. Of course a grant would be fine, but a loan is okay.

The committee asked for a memo to clarify the relationship between T&H Rural Electrical Association, Alaska Power & Telephone, Alaska Power Authority and the City of Craig. That should be to the committee by the time you receive this letter.

Our concern is that the \$1,110,000 appropriation be included in HB650. This authorizes the APA to make the loan if they believe the project is viable. The appropriation does not guarantee the loan, but makes it possible.

I appreciate your help in keeping us in the running for this critical project.

Sincerely,

David R. Palmer
City Administrator

DRP/hg
CC: Rep. Rick Uehling
Sen. Dick Eliason
Loren Karro - THREA - Juneau
Patti DeJong - APA
Liz Cudra, Attorney



tlingit & haida REGIONAL ELECTRICAL AUTHORITY

P.O. Box 2517 • Juneau, Alaska 99803 • (907) 789-3196



March 12, 1984

Representative Rick Uehling
Chair, Committee on Special Loans
House of Representatives
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Honorable Representative Uehling:

I apologize that, due to a previous committment to our Klawock consumers, I am unable to be present in person at your March 13 Committee Meeting.

I am concerned to hear that funding for the proposed Craig/Klawock Intertie has not been included in HB 650. As you know, both the A.P.A. and the Governor's office recommended inclusion of the needed 1.1 million appropriation in the FY85 funding.

This tieline would link together the electrical system at Klawock (served by the Tlingit-Haida Regional Electrical Authority) and the electrical system at Craig (presently served by Alaska Power and Telephone). The purpose of the tieline would be twofold.

First, the tieline would allow the City of Craig to utilize the available excess capacity from T.H.R.E.A.'s Klawock powerplant. A.P.& T. in Craig has had a serious service, safety and reliability problem, including a fire in the Craig powerhouse just last week. T.H.R.E.A. has the immediate ability to provide peaking reserves and emergency backup power to the besieged Craig utility system. Such an arrangement would benefit consumers at both ends of the tieline.

Secondly, the Alaska Timber Corporation mill outside of Klawock is able to immediately provide woodwaste generated power, if a tieline to carry this power was built. T.H.R.E.A. has an existing contract to buy power, and is presently negotiating the rates for "avoided costs" savings; but the contract is dependant upon the tieline's construction. A.T.C. has offered to also provide power to Craig's A.P.&T. plant; under both Federal and State regulations, the utility is required to honor such an arrangement if it offers "avoided costs" savings to its constituents.

The people of Craig and Klawock have long backed the construction of the proposed intertie, and utilization of the mill's available woodwaste energy. Both communities are presently totally dependant upon small diesel generating

Representative Rick Uehling
March 12, 1984
Page Two

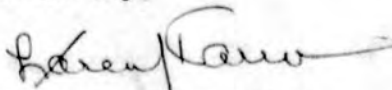
units. It has long been T.H.R.E.A.'s policy to search for economically feasible alternate energy sources, to minimize the dependence on petroleum products and to help stabilize the steep electrical rates.

By building such an intertie, we would be helping not just the consumers in Craig and Klawock but, by virtue of T.H.R.E.A.'s postage-stamp rate, also consumers in Angoon, Hoonah, Kake and Kasaan.

T.H.R.E.A. would like to see an \$800,000 loan and a \$300,000 grant, to fully fund the tie line and necessary substation equipment. The partial equity funding would allow the mill to sell its energy at a realistic rate, while allowing for wheeling costs to cover maintenance and operations, future replacements, and debt service payments. We need to keep these wheeling costs below 1¢/kWh, so we need to keep the debt service costs as low as possible.

Should you or the Committee have any further questions or concerns, please don't hesitate to call me. Again, I apologize that I am unable to attend the meeting in person.

Sincerely,



Loren J. Karro (Ms.)
Assistant Manager

LJK:es

cc: Representative Furnace
Representative Koponen
Representative Pestinger
Representative Ward
Representative Wendte
Representative Duncan
T.H.R.E.A. Board of Commissioners
Dave Hutchens, A.R.E.C.A.
Liz Cuadra, Attorney, City of Craig
Lee Axmaker, Mayor of Craig
Bobby George, Mayor of Klawock
Ed Head, A.T.C.
Lee Perkins, T.H.R.E.A., Klawock
Representative Peter Goll
Senator Richard Eliason

Thorne Bay Loan Request

Subsequent to preparation and submission of the Alaska Power Authority FY 85 budget, the City of Thorne Bay contacted the Department of Commerce and the Power Authority requesting \$275,000 be budgeted for a loan to purchase a new generator and to refinance* an existing debt obligation to Louisiana Pacific Corporation resulting from the City's purchase of the existing electric system. The City has provided documents in support of this budget request, included here as attachments. Power Authority staff has talked to the City's utility manager and has confirmed the need for this loan. This request to add the loan request to the FY 85 budget does not constitute approval of the loan, but rather secures the appropriation which would fund the loan. The loan application would be subject to Power Authority loan review and award procedures.

The Power Project Loan Fund (AS 44.83.170) is the appropriate program for this loan. This loan program requires legislative action to dedicate funds for specific loans. There is presently no appropriation for a loan to the City of Thorne Bay in this program.

KEY INFORMATION:

1. The City owes \$110,000 on the existing system. This amount due is drawing an interest payment of about \$1,050 per month.
2. The City was incorporated in 1982, at which time it was obliged to purchase the electric system. Due to the short period since incorporation, the City resources are limited, and refinancing of the present debt would allow a more reasonable rate of loan repayment.
3. The City is presently operating their 500 KW generator, which has less than six months useful life remaining, without back-up. The unit previously used for back-up is inoperative and cannot be overhauled.
4. New loads which have come on-line and which are about to come on-line require additional capacity as soon as possible. The City is planning to attempt to lease a 450 kw diesel unit as soon as possible to be able to provide power to the Forest Service and the Southeast Island School District. Availability of the State loan would allow purchase if the loan application is approved.
5. \$275,000 would be required to fund this loan.

* Use of the term "refinance" is not accurate in this case, as the City of Thorne Bay is currently making payments for the use of the electrical system only pending the securing of long-term financing for the acquisition of the system.

STATE OF ALASKA
Office of the Governor
Budget & Management Div.

REVISED PROGRAM SUMMARY
by
BUDGET COMPONENT

CATEGORY	Development
PROGRAM	Energy Development
AGENCY	Commerce & Economic Development
DIVISION	Alaska Power Authority
BUDGET REQUEST UNIT	Alaska Power Authority
BUDGET COMPONENT	Power Projects Loan Fund

	INITIAL AUTHORIZATION	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.	RP #	ADJUSTED AUTH.
01	PERSONAL SERVICES								
02	TRAVEL								
03	CONTRACTUAL								
04	COMMODITIES								
05	EQUIPMENT								
06	LANDS/BUILDINGS	1,110.0	275.0	1385.0					
07	GRANTS, CLAIMS								
08	MISCELLANEOUS								
	TOTAL	1,110.0	275.0	1385.0					
1002	FEDERAL RECEIPTS								
1003	G/F MATCH								
1004	GENERAL FUND	1,110.0	275.0	1385.0					
1005	I/A RECEIPTS								
1028	PROGRAM RECEIPTS								
15	PERM FULL TIME								
16	PERM PART TIME/SEAS								
17	TOTAL STAFF MONTHS								
18	FULL TIME EQUIVALENT								

CITY OF THORNE BAY
P.O. BOX 110
THORNE BAY, ALASKA 99950
(907) 828-3380

RECEIVED

DEC 19 1983

OFFICE OF THE
COMMISSIONER

December 19, 1983

The Honorable Richard A. Lyon
Commissioner
Department of Commerce and
Economic Development
Pouch D
Juneau, Alaska 99811

Re: Supplemental appropriation to finance Thorne Bay Electric
Utility

Dear Commissioner Lyon:

The City of Thorne Bay, having incorporated as a second class city in 1982, was obliged to purchase the public utilities from the former owner of the logging camp of Thorne Bay, the Louisiana-Pacific Corporation. The City has managed to pay all but \$110,000. on the electric utility. This amount due is drawing an interest payment of about \$1,050. per month. The resources of the City are limited due to the short period of existence and this burden on the residents of the City can be reduced with a financing program through Alaska Statute 44.8² 170.

Based upon this available program through the Alaska Power Authority, the City of Thorne Bay requests that the Directors of the Authority, in their meeting on December 21st, consider requesting the Alaska Legislature for a Supplemental Appropriation to fund the financial needs of the Thorne Bay electric utility.

This request and information is being presented to you in advance of the December 21st meeting so that any additional information may be supplied before the Directors meeting convenes. If additional information is needed, please contact the Thorne Bay City Administrator, Bill Williams, at 789-9141 in Juneau.

Your consideration of this request is appreciated.

Sincerely yours,

Denis M. Kuntz
Denis M. Kuntz
Mayor

PTCL. 6032	02, 01
------------	--------

RESOLUTION 83-12-15-01

A Resolution of the City Council
of the City of Thorne Bay, Alaska Requesting
Funding from the State of Alaska

- WHEREAS, The City of Thorne Bay, Alaska did become an incorporated city of the second class under Alaska State Laws on August 2, 1982; and
- WHEREAS, the City of Thorne Bay did purchase the Electric Utility from the former owner of the logging camp of Thorne Bay, the Louisiana-Pacific Corporation; and,
- WHEREAS, the City has been successful in paying all of the costs of the Electric Utility except \$110,000.00 as of December 1, 1983, and this balance due is carrying an interest charge of about \$1,046.00 per month; and,
- WHEREAS, the existing generation equipment of the Electric Utility is not sufficient to produce enough power to fill the expected demands in the near future and the Electric Utility does not have generating equipment for back-up in case of an equipment failure, and,
- WHEREAS, the main generator that is now in use has only about six (6) months of useful life remaining; and,
- WHEREAS, the City will be required to supply power to the Forest Service quarters, that are to be constructed during the summer of 1984 and the probability that the City will provide power to the State of Alaska Land Disposal Area on the South Side of Thorne Bay in the near future, the present equipment is not capable of responding to these demands; and
- WHEREAS, the cost of operation of the Electric Utility is not paid from tax monies but from user fees and charges; and,
- WHEREAS, to finance the remaining principle of this debt and to purchase the needed equipment and systems improvements at a lower rate of interest then is now being paid and over a longer period of time will relieve the residence of the City of this avoidable burden especially during these times of a depressed economy in the City; and
- WHEREAS, The State of Alaska, through the Alaska Power Authority, has a program for financing Electric Utility Systems and Equipment purchases and this program is authorized in Alaska Statute 44.83.170.

83-12-15-01
Utility Financing

Page 2 of 2

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Thorne Bay, Thorne Bay, Alaska that a request be made to the Alaska Power Authority to submit a request to the Alaska State Legislature for a Supplemental Appropriation in the sum of \$275,000.00 which will be used to pay off the balance due on the purchase of the Electric Utility from the Louisiana-Pacific Corporation and to purchase a 450KW Generator and to make upgrades to the electrical system and Powerhouse.

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY OF THORNE BAY, ALASKA, ON THIS 15th DAY OF DECEMBER, 1983.

Lynda M. Blum
Bill M. Barty
[Signature]

Denis M. Kuntz, Mayor

[Signature]
[Signature]
[Signature]

ATTEST:

Susan L. Chapin
Susan L. Chapin, City Clerk

I. PROJECT DESCRIPTION

THORNE BAY PUBLIC UTILITY GENERATOR LOAN

The City of Thorne Bay requests the State of Alaska appropriate \$275,000.00 to the Alaska Power Authority for the purpose of loaning the money to the City of Thorne Bay in order to purchase a new generator and to refinance a debt obligation to Louisiana Pacific Corporation for the purchase of remaining equity in the Thorne Bay Electrical System.

Monies borrowed from the Power Project Revolving Loan Fund would be used to purchase and install a 450KW diesel generator and associated control and switchgear; upgrade the Thorne Bay Power House to allow the existing system to accept the new generator and refinance \$110,000.00 currently owed to Louisiana Pacific for the remaining equity in the electrical system.

The City of Thorne Bay has determined this project to be economically feasible and will provide detailed financial and technical data to the Alaska Power Authority with the Power Project Revolving Loan Application.

II. JUSTIFICATION FOR PROJECT

The City of Thorne Bay will have an additional load requirement when the Southeast Island School District and the U.S. Forest Service housing project come on line beginning in the spring of 1984. These two additional large customers will necessitate the use of the City's 500KW generator, which is the largest in the Power House; however, no back-up generator is available to handle the load in the event of a mechanical failure. The 500KW generator that will be used has approximately six (6) months of useful life left and the potential for breakdowns increase as the generator gets older. The Control Boards in the Power House need upgrading in order to improve the efficiency of the generating system and to allow for the addition of the new generator. A certain amount of upgrading is needed to accept the installation of the new generator.

Refinancing the loan would reduce the debt service payments, thereby providing additional funding needed to maintain and improve the distribution system.

The immediate benefits to the community would include an increase in efficiency of the generators, the ability to handle higher peak loads and lower debt service payments.

III. SOCIO-ECONOMIC IMPACTS

Jobs created during the construction of this project will include two generator mechanics, one electrician, one cement mason, one carpenter and two laborers. Jobs created as a result of this

project will depend on the type of business served by the City. The social benefits for the community will include a higher quality and quantity of dependable power, increased City revenues from the sale of power and more jobs created as a result of new businesses.

IV. SITE-CONTROL DOCUMENT

The land on which the Power House is located is currently owned by the State of Alaska and has been selected for ownership by the City of Thorne Bay under the Municipal Land Selection Act.

No permits are needed for this project.

V. OPERATION AND MAINTENANCE

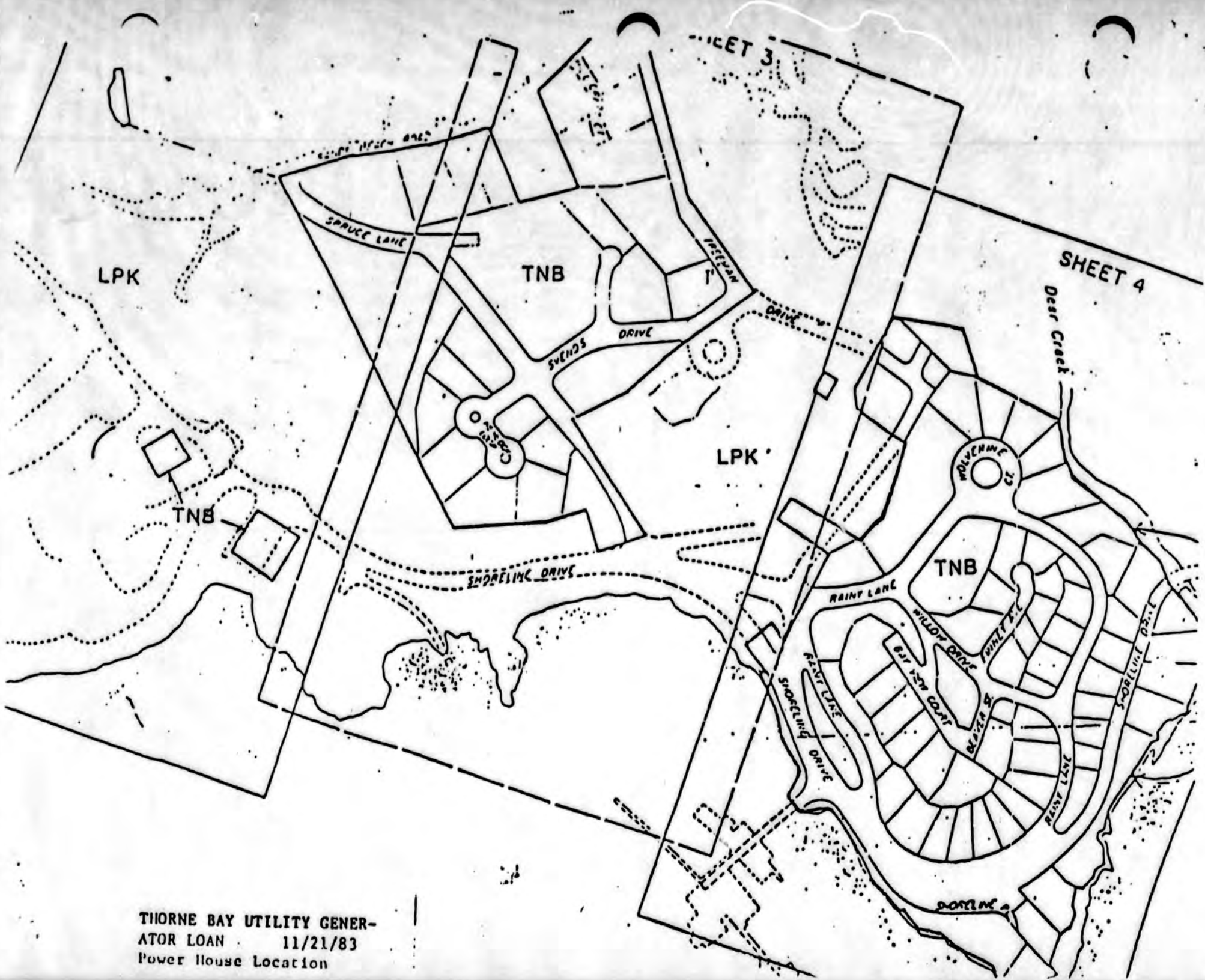
The actual operating and fuel costs will decrease on a per kilowatt basis due to the improved efficiency of the system. Maintenance costs will also decrease for the short term due to the same reasons. The cost of paying back the loan to the State of Alaska will be paid with revenues received from the sale of power to the new customers.

VI. PROJECT FUNDING

Purchase new 450KW generator	\$85,000.00
Purchase control board	25,000.00
Materials for renovation of power house	20,000.00
Upgrade existing control boards	10,000.00
Labor (1250 man hours)	25,000.00
Loan Payment to Louisiana Pacific	<u>110,000.00</u>
TOTAL	\$275,000.00

VII. PROJECT MANAGEMENT

The City of Thorne Bay will be the prime contractor and will perform all necessary purchasing, installation and administrative functions with existing personnel. The duration of the project will not exceed 180 days.



THORNE BAY UTILITY GENER-
ATOR LOAN 11/21/83
Power House Location

LOANS BUDGET SUMMARY
(Stated in Thousands \$)

DEPARTMENT/Program	FY 84 Adjusted		FY 85 Governor		Governor Amended		Original HB 650	
	GF	Total	GF	Total	GF	Total	GF	Total
COMMERCE AND ECONOMIC DEVELOPMENT								
Fisheries Enhancement Loan Program	6,500.0	6,500.0	0.0	0.0	5,335.0	5,335.0	0.0	0.0
Commercial Fishing Loan Act	9,091.0	9,091.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0	3,500.0
Alt. Tech. & Energy Revolving Loan Fund	2,400.0	2,400.0	5,100.0	5,100.0	5,100.0	5,100.0	2,400.0	2,400.0
Rural Electrification Revolving Loan Fund	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Power Project Fund (Seward)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Power Project Fund (Homer)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Power Project Fund (Thorne Bay)	0.0	0.0	0.0	0.0	275.0	275.0	0.0	0.0
Power Project Fund (Craig/Klawock)	0.0	0.0	1,110.0	1,110.0	1,110.0	1,110.0	0.0	0.0
DEPARTMENT TOTAL	<u>18,991.0</u>	<u>18,991.0</u>	<u>10,710.0</u>	<u>10,710.0</u>	<u>16,320.0</u>	<u>16,320.0</u>	<u>6,900.0</u>	<u>6,900.0</u>
EDUCATION								
Alaska Student Loan Program	60,000.0	60,850.0	65,450.0	65,950.0	65,450.0	65,950.0	60,000.0	60,500.0
DEPARTMENT TOTAL	<u>60,000.0</u>	<u>60,850.0</u>	<u>65,450.0</u>	<u>65,950.0</u>	<u>65,450.0</u>	<u>65,950.0</u>	<u>60,000.0</u>	<u>60,500.0</u>
NATURAL RESOURCES								
Agricultural Revolving Loan Fund	10,000.0	10,000.0	13,000.0	13,000.0	11,622.2	11,622.2	5,000.0	5,000.0
Grain Reserve Program	1,582.4	1,582.4	1,000.0	1,000.0	500.0	500.0	500.0	500.0
DEPARTMENT TOTAL	<u>11,582.4</u>	<u>11,582.4</u>	<u>14,000.0</u>	<u>14,000.0</u>	<u>12,122.2</u>	<u>12,122.2</u>	<u>5,500.0</u>	<u>5,500.0</u>

(CONTINUED NEXT PAGE)

LOANS BUDGET SUMMARY
(Stated in Thousands \$)
(continued)

DEPARTMENT/Program	FY 84 Adjusted		FY 85 Governor		Governor Amended		Original HB 650	
	GF	Total	GF	Total	GF	Total	GF	Total
REVENUE*								
Alaska Housing Finance Revolving Fund Special Mort- gage Loan Purchase	6,801.0	986,801.0	71,000.0	1,446,000.0	0.0	0.0	40,000.0	1,406,000.0 Approx.
Alaska Housing Finance Revolving Fund Mobile Home Loan Purchase	0.0	0.0	34,000.0	34,000.0	0.0	0.0	0.0	0.0
Alaska Housing Finance Revolving Fund	0.0	0.0	0.0	0.0	16,000.0	1,316,000.0	0.0	0.0
Alaska Housing Finance Revolving Fund Home Ownership Assistance Fund	22,750.0	42,250.0	0.0	0.0			22,000.0	22,000.0
DEPARTMENT TOTAL	29,551.0	1,029,051.0	105,000.0	1,480,000.0	16,000.0	1,316,000.0	62,000.0	1,428,000.0
COMMUNITY AND REGIONAL AFFAIRS								
Housing Assistance Loan Fund	45,000.0	45,000.0	65,000.0	65,000.0	65,000.0	65,000.0	45,000.0	45,000.0
DEPARTMENT TOTAL	45,000.0	45,000.0	65,000.0	65,000.0	65,000.0	65,000.0	45,000.0	45,000.0
SUBTOTAL	165,124.4	1,165,474.4	260,160.0	1,635,660.0	174,892.2	1,475,392.2	179,400.0	1,545,900.0
OTHER LOAN PROGRAMS	4,492.9	4,492.9	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	169,617.3	1,169,967.3	260,160.0	1,635,660.0	174,892.2	1,475,392.2	179,400.0	1,545,900.0

*Does not include Bond Bank Leveraging in Revenue capital budget.

tlh/1735

CHAIRMAN
HOUSE SPECIAL COMMITTEE
ON STATE LOANS

VICE-CHAIRMAN
HOUSE RESOURCES COMMITTEE
HOUSE LABOR AND COMMERCE COMMITTEE

MEMBER
JOINT OIL & GAS COMMITTEE
HOUSE FINANCE SUBCOMMITTEE ON
ADMINISTRATION, REVENUE
AND THE GOVERNOR'S OFFICE

Alaska State Legislature



House of Representatives

Representative
RICK UEHLING

ANCHORAGE
DISTRICT 12-SEAT A
1634 JUNEAU DRIVE
ANCHORAGE, ALASKA 99501
(907) 274-4256

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4821

Memorandum

Date: March 28, 1984

To: Rep. Rick Uehling

From: David Cobb, Professional Assistant

Subject: Low-cost, Low-income Multifamily Housing Development Fund

Per my conversation with Barbara Morris-Quinn this morning, the following is a breakdown of the FY 84 expenditures in this fund and the anticipated FY 85 expenditures.

FY84

Municipality of Anchorage Land Acquisition (S & S Apartments)
\$700,000

Alaska Housing Ministries Low Income Housing- Anchorage
\$2.6 million

Planning Grants- Fairbanks, St. Paul
\$200,000

Total Expended \$3.5 million, Funds remaining \$1.5 million

FY85

City of Fairbanks
\$2.8 million FY84- \$1.5 million, FY85 \$1.3 million

City of St. Paul
The total amount of their anticipated request has not yet been determined.

Alaska Housing Ministries
It is anticipated that they will apply for an additional amount for low cost housing in Anchorage.

There would be \$3.7 million dollars available for the City of St. Paul, Alaska Housing Ministries, and other applicants.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

March 27, 1984

Ms. Alaire Stanton
Administrative Assistant
Representative Rick Uehling
Alaska House of Representatives
Pouch V
Juneau, AK 99811

SUBJECT: Low-cost, Low-income Multifamily Housing
Development Loan Fund

Dear Ms. Stanton:

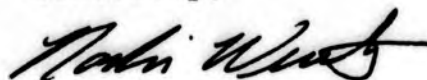
We currently have two eligible grant recipients applying for planning grants to develop applications to construct projects. One of the applicants is in Fairbanks, the other in St. Paul.

We anticipate that the three grant applicants that did not receive awards this year will resubmit in FY 85. These applications total \$7.7 million. If others apply, which we expect, the requests could exceed 10 million dollars in FY 85.

We expect this program can produce approximately 80 units of housing for each 3 million dollars of funding. This assumption considers other funding also being contributed to the projects. The grants awarded in FY 84 have a total of approximately \$3.5 million in other funding being provided from the sale of tax exempt housing bonds and Federal Community Block Grants.

If we can answer any more questions for you on this program, please let us know.

Sincerely,



Nadine Winters
Legislative Liaison

Alaska State Legislature

FOUCH V
JUNEAU, ALASKA 99811
907/465-4821



REPRESENTATIVE RICK UEHLING
CHAIRMAN
REPRESENTATIVE WALT FURNACE
REPRESENTATIVE NILO KOPONEN
REPRESENTATIVE JERRY WARD
REPRESENTATIVE RON WENDE

House Special Committee on State Loans

MEMORANDUM

To: Linn Asper
Legislative Drafting

From: Rep. Rick Uehling, Chair
House Special Committee on State Loans *by AS*

Date: March 13, 1984

Subject: Committee Substitute for HB 650

*Hand delivered
3/13 10:30 am*

Please make a draft for a CS HB 650 (Loans) containing the following amounts for appropriations:

- Sec. 1; \$16 million to the Alaska Housing Finance Revolving Fund. (was Sec. 1 & 2)
- Sec 2; \$45 million to the housing assistance loan fund in the Dept. of Community & Regional Affairs. (was Sec. 5)
- Sec.3; \$2 million for the Chugach View Senior Citizen facility.
- Sec.4; \$2 million for a Senior Citizen facility at Nome for the Norton Sound Health Corp. from the Sr. citizen housing development fund.
- Sec.5; \$7 million for statewide projects from the Senior citizen housing development fund. (was Sec. 4.)
- Sec.6; The sum of \$10.9 million from the general fund to the division of investments, Dept. of Commerce & Economic Development for the following purposes:
 - alternative technology & energy \$2,400,000.
 - commercial fishing loan program \$3,500,000.
 - fisheries enhancement loan program \$5,000,000.
- Sec.7; \$8 million to the Agricultural revolving loan fund.
- Sec 8; \$ 500,000. to the AK. Grain reserve loan fund.
- Sec.9; \$65 million to the Scholarship revolving loan fund.
- Sec.10; \$500,000. in Federal Program receipts to the Scholarship revolving loan fund.
- Sec.11; \$1 million to the rural electrification revolving loan fund.
- Sec.12; \$5 million to Dept. of Community & Regional Affairs for grants from the low cost and low income multiple family housing development fund.
- Sec.13; The sum of \$1.385 million to the Alaska Power Authority Power project loan fund for the following purposes:
 - \$275,000 to the City of Thorne Bay for the purchase of an existing electric system;
 - \$1,110,000. to be made available as a loan for the Craig Klawock Intertie.
- Sec. 14 and 15 will be the old 13 and 14. *Sh...*

Asper
3/16/01

Original sponsor: House Special Committee
on State Loans

*Final copy
requested 3/19
2:30 pm*

Funding Information

General Fund	\$152,000,000
Other Funds	500,000
	<u>\$152,500,000</u>

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 CS FOR HOUSE BILL NO. 650 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for certain
7 state loan and grant programs; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$16,000,000^v is appropriated from the general
11 fund to the Alaska housing finance revolving fund (AS 18.56.082).

12 * Sec. 2. The sum of \$45,000,000^v is appropriated from the general fund
13 to the housing assistance loan fund in the Department of Community and
14 Regional Affairs for non-conforming, rural, and non-owner occupied housing
15 loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the
16 home ownership assistance fund (AS 44.47.382).

17 * Sec. 3. The sum of \$2,000,000^v is appropriated from the general fund
18 to the division of housing assistance in the Department of Community and
19 Regional Affairs for a grant from the senior citizens' housing development
20 fund for the Chugach View Senior Citizen Facility.

21 * Sec. 4. The sum of \$2,000,000^v is appropriated from the general fund
22 to the division of housing assistance in the Department of Community and
23 Regional Affairs for a grant from the senior citizens' housing development
24 fund for the Norton Sound Health Corporation Senior Citizen Facility at
25 Nome.

26 * Sec. 5. The sum of \$7,000,000^v is appropriated from the general fund
27 to the division of housing assistance in the Department of Community and
28 Regional Affairs for grants from the senior citizens' housing development
29 fund.

1 * Sec. 6. The sum of \$9,500,000 is appropriated from the general fund
2 to the division of investments, Department of Commerce and Economic Devel-
3 opment, for the following purposes in the following amounts:

4	alternative technology and energy loan	
5	program (AS 45.88)	✓ \$1,000,000
6	commercial fishing loan program (AS 16.10.-	
7	300 - 16.10.370)	✓ 3,500,000
8	fisheries enhancement loan program	
9	(AS 16.10.500 - 16.10.620)	✓ 5,000,000

10 * Sec. 7. The sum of \$5,000,000 is appropriated from the general fund
11 to the Department of Natural Resources for loans from the agricultural
12 revolving loan fund (AS 03.10.040).

13 * Sec. 8. The sum of \$500,000 is appropriated from the general fund to
14 the Alaska grain reserve loan fund (AS 03.12.040).

15 * Sec. 9. The sum of \$60,000,000 is appropriated from the general fund
16 to the scholarship revolving loan fund (AS 14.40.751) for the student loan
17 program.

18 * Sec. 10. The sum of \$500,000 in federal program receipts for student
19 loans and scholarships is appropriated to the scholarship revolving loan
20 fund (AS 14.40.751) for the student loan program.

21 * Sec. 11. The sum of \$5,000,000 is appropriated from the general fund
22 to the Department of Community and Regional Affairs for grants from the low
23 cost and low income multiple family housing development fund (AS 44.47.-
24 635).

25 * Sec. 12. The appropriations made by this Act are for the capitaliza-
26 tion of loan and grant funds and do not lapse in accordance with AS 37.-
27 25.010.

28 * Sec. 13. This Act takes effect immediately in accordance with AS 01.-
29 10.070(c).

3/6 Phoned in
new figures

Ed. Heim

Asper
3/13/84 ✓

Original sponsor: House Special Committee
on State Loans

DRAFT

<u>Funding Information</u>	
General Fund	\$163,785,000
Other Funds	500,000
	<u>\$164,285,000</u>

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 650 (Loans)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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13 to the housing assistance loan fund in the Department of Community and
14 Regional Affairs for non-conforming, rural, and non-owner occupied housing
15 loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the
16 home ownership assistance fund (AS 44.47.382).

17 * Sec. 3. The sum of \$2,000,000 ✓ is appropriated from the general fund
18 to the division of housing assistance in the Department of Community and
19 Regional Affairs for a grant from the senior citizens' housing development
20 fund for the Chugach View Senior Citizen Facility.

21 * Sec. 4. The sum of \$2,000,000 ✓ is appropriated from the general fund
22 to the division of housing assistance in the Department of Community and
23 Regional Affairs for a grant from the senior citizens' housing development
24 fund for the Norton Sound Health Corporation Senior Citizen Facility at
25 Nome.

26 * Sec. 5. The sum of \$7,000,000 ✓ is appropriated from the general fund
27 to the division of housing assistance in the Department of Community and
28 Regional Affairs for grants from the senior citizens' housing development
29 fund.

1 * Sec. 6. The sum of ^{9,500,000} ~~\$10,900,000~~ is appropriated from the general fund
2 to the division of investments, Department of Commerce and Economic Devel-
3 opment, for the following purposes in the following amounts:

4 alternative technology and energy loan
5 program (AS 45.88)

^{1,000,000}
~~\$2,400,000~~

6 commercial fishing loan program (AS 16.10.-
7 300 - 16.10.370)

✓ 3,500,000

8 fisheries enhancement loan program
9 (AS 16.10.500 - 16.10.620)

✓ 5,000,000

10 * Sec. 7. The sum of ^{5,000,000} ~~\$8,000,000~~ is appropriated from the general fund
11 to the Department of Natural Resources for loans from the agricultural
12 revolving loan fund (AS 03.10.040).

13 * Sec. 8. The sum of \$500,000[✓] is appropriated from the general fund to
14 the Alaska grain reserve loan fund (AS 03.12.040).

15 * Sec. 9. The sum of ~~\$65,000,000~~ is appropriated from the general fund
16 to the scholarship revolving loan fund (AS 14.40.751) for the student loan
17 program.

18 * Sec. 10. The sum of \$500,000[✓] in federal program receipts for student
19 loans and scholarships is appropriated to the scholarship revolving loan
20 fund (AS 14.40.751) for the student loan program.

21 * Sec. 11. The sum of \$1,000,000 is appropriated from the general fund
22 to the rural electrification revolving loan fund (AS 44.83.361) for rural
23 electrification loans.

24 * Sec. 12. The sum of \$5,000,000[✓] is appropriated from the general fund
25 to the Department of Community and Regional Affairs for grants from the low
26 cost and low income multiple family housing development fund (AS 44.47.-
27 635).

28 * Sec. 13. The sum of \$1,385,000 is appropriated from the general fund
29 to the power project fund (AS 44.83.170) for the following purpose:

1 (1) \$275,000 as a loan to the City of Thorne Bay for the pur-
2 chase of the existing electric system in Thorne Bay; and

3 (2) \$1,110,000 as a loan to a qualified borrower to construct
4 the Craig-Klawock electrical intertie.

5 * Sec. 14. The appropriations made by this Act are for the capitaliza-
6 tion of loan and grant funds and do not lapse in accordance with AS 37.-
7 25.010.

8 * Sec. 15. This Act takes effect immediately in accordance with AS 01.-
9 10.070(c).

Funding Information

General Fund	\$181,400,000
Other Funds	500,000
	<u>\$181,900,000</u>

1 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

2 HOUSE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for certain
7 state loan and grant programs; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$40,000,000 is appropriated from the general
11 fund to the Alaska Housing Finance Corporation for the special mortgage
12 loan purchase program (AS 18.56.098).

13 * Sec. 2. The sum of \$22,000,000 is appropriated from the general fund
14 to the Alaska Housing Finance Corporation for the home ownership assistance
15 program (AS 18.56.091).

16 * Sec. 3. The sum of \$2,000,000 is appropriated from the general fund
17 to the division of housing assistance in the Department of Community and
18 Regional Affairs for a grant from the senior citizens housing development
19 fund for the Chugach View Senior Citizen Facility.

20 * Sec. 4. The sum of \$45,000,000 is appropriated from the general fund
21 to the housing assistance loan fund in the Department of Community and
22 Regional Affairs for non-conforming, rural, and non-owner occupied housing
23 loans (AS 44.47.360 - 44.47.560) and loans that are subsidized from the
24 home ownership assistance fund (AS 44.47.382).

25 * Sec. 5. The sum of \$5,900,000 is appropriated from the general fund
26 to the division of investments, Department of Commerce and Economic Devel-
27 opment, for the following purposes in the following amounts:

28 alternative technology and energy loan

29 program (AS 45.88)

\$2,400,000

1 commercial fishing loan program (AS 16.10.-
2 300 - 16.10.370)

3,500,000

3 * Sec. 6. The sum of \$5,000,000 is appropriated from the general fund
4 to the Department of Natural Resources for loans from the agricultural
5 revolving loan fund (AS 03.10.040).

6 * Sec. 7. The sum of \$60,000,000 is appropriated from the general fund
7 to the scholarship revolving loan fund (AS 14.40.751) for the student loan
8 program.

9 * Sec. 8. The sum of \$500,000 in federal program receipts for student
10 loans and scholarships is appropriated to the scholarship revolving loan
11 fund (AS 14.40.751) for the student loan program.

12 * Sec. 9. The sum of \$1,000,000 is appropriated from the general fund
13 to the rural electrification revolving loan fund (AS 44.83.361) for rural
14 electrification loans.

15 * Sec. 10. The sum of \$500,000 is appropriated from the general fund to
16 the Alaska grain reserve loan fund (AS 03.12.040).

17 * Sec. 11. The appropriations made by this Act are for the capitaliza-
18 tion of loan and grant funds and do not lapse in accordance with AS 37.-
19 25.010.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).