

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1299 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86

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INTRODUCTION

This activity report is designed to assist legislators with their oversight responsibilities by providing a compilation of data obtained from each of the active State-sponsored loan programs. For our purposes, active loan programs are those which presently make or service loans. (See the list of active and inactive programs on page 4.) The House Research Agency has produced reports covering quarterly lending activity since January 1981.

This report groups State loans into six categories--Economic Development, Education, Energy, Housing, Medical and Child Care, and Municipal Assistance. A list of the programs in each of the six categories is found on page 3.

The figures representing loans approved during a quarter do not necessarily represent direct State expenditures. Bond-financed loan programs provide the bulk of the funds referred to in this report; these programs rely to some degree on State appropriations, in some cases only for administrative funds, but obtain most of their loan funds by selling bonds on the national market. Only in the case of direct loans, such as those administered by the Department of Commerce and Economic Development, does the figure for loans approved represent direct investment of the State's cash. Of course, part of the cost of these programs is returned through payments of principal and interest. We have noted on page 4, with the list of active and inactive programs, whether each lending program is financed entirely through State appropriation or is partially bond-financed.

This activity report is meant to give an idea of the number and dollar amount of loans approved each quarter for use in such areas as economic development and housing, and to present the volume of loans and loan amounts approved each quarter by all State loan programs. The figures given for "loans approved" are just that: loans to which the loan agency has committed itself, not necessarily cash transactions. Figures representing numbers and dollar amounts of total loans outstanding to date are the loans that are still owed to the loan agency, and the amount of principal still unpaid. In other words, total loans outstanding to date are not all loans ever made or approved by the agency.

In addition to information about delinquency, we have included the number and dollar amount of each agency's outstanding loans that are in default. For the sake of uniformity, we define loans in default as delinquent loans that the lending agencies have turned over to their counsel for legal action. Page 5 is a summary sheet showing the rates of delinquency and default for all the loan programs.

Several State programs that are authorized to make either loans and/or grants have chosen to make grants. These are the Outdoor, Recreational, Open Space and Historical Properties Development Fund and the Disaster Relief Fund. The Senior Citizens Housing Development Fund was included in this group until 1982, when the legislature made it strictly a grant program. Because they have never been active in lending, we do not include these programs in our reports. Another program that we omit is the Memorial Scholarship Revolving Loan Fund, administered by the Commission on Post-secondary Education. This loan program is funded by private donations rather than by the State and is virtually inactive.

Some of the State's loan programs were altered or eliminated by the legislature in 1982; where pertinent, the changes are reflected in this edition. The Fishermen's Mortgage and Note Fund has been combined with the Commercial Fishing Revolving Loan Fund; the former Alaska Renewable Resources Corporation (ARRC) is now the Alaska Resources Corporation (ARC). The rural housing programs were moved from the Alaska Housing Finance Corporation to the Housing Assistance Loan Fund in the Division of Housing Assistance, which also manages the Nonconforming Housing Loan Fund. The Residential Care Facility Revolving Loan Fund was eliminated. In addition, the legislature cleared the books of several loan programs that had never been active or funded and so were never included in these reports.

A new loan fund, the Alaska Grain Reserve Loan Fund, was established by the passage of the Alaska Grain Reserve Program in 1983 (Ch. 100 SLA 1983). This program, established in the Department of Natural Resources, Division of Agriculture, assists state grain producers by making loans secured by grain reserves. Administrative procedures to process loan applications were established during the first few months of FY 84.

Chapter 161 SLA 1984 provides for the orderly termination of the Alaska Resources Corporation (ARC). This act restructures the ARC Board of Directors, transfers the corporation to the Department of Revenue and provides for the disposition of ARC assets and liabilities. As a result of this reorganization, 4th quarter activity information was not available and is not included in this report.

As in previous reports, this report incorporates changes that were made in response to the suggestions of loan program administrators and legislative staff. Readers are encouraged to let us know if they have further modifications to suggest. Also, anyone needing more detailed information about a loan program should call this agency, because we do collect more data from the programs than we have room to print each quarter.

For current descriptions of the active and inactive State loan programs, we refer legislators to "State Loan Programs: A Review of Administration, Funding and Activity," published by the House Research Agency in December 1982. Also, the Division of Budget and Management in 1982 produced a helpful guide entitled "Overview of State Loan Programs and Investment Funds."

State Loan Programs Included in this Report, by Type

ECONOMIC DEVELOPMENT*

Agricultural Revolving Loan Fund
Alaska Industrial Development Authority
 (except multi-family housing)
Alaska Resources Corporation
Alaska Grain Reserve Loan Fund
Commercial Fishing Revolving Loan Fund
Fisheries Enhancement Revolving Loan Fund
Mining Loan Fund
Small Business Revolving Loan Fund
Tourists' Revolution Loan Fund
Veterans' Revolving Loan Fund

EDUCATION

Scholarship Revolving Loan Fund

ENERGY

Alaska Power Authority:
 Power Project Fund
 Rural Electrification Revolving Loan Fund
Alternative Technology and Energy Revolving Loan Fund
Residential Energy Conservation Fund
Water Resources Revolving Loan Fund

HOUSING

Alaska Housing Finance Corporation
Housing Assistance Loan Fund
Alaska Industrial Development Authority
 (multi-family housing only)

MEDICAL AND CHILD CARE

Alaska Medical Facility Authority
Child Care Facility Revolving Loan Fund
Medical Malpractice Liability Revolving Loan Fund

MUNICIPAL ASSISTANCE

Alaska Municipal Bond Bank Authority
Bulk Fuel Revolving Loan Fund
Historical District Revolving Loan Fund

Active and Inactive State Loan Programs

ACTIVE

Agricultural Revolving Loan Fund¹
Alaska Grain Reserve Loan Fund¹
Alaska Housing Finance Corporation (AHFC)²
Alaska Medical Facility Authority²
Alaska Municipal Bond Bank Authority²
Alaska Resources Corporation (ARC)¹
Alaska Industrial Development Authority (AIDA)²
Alaska Power Authority¹
Alternative Technology and Energy Revolving Loan Fund¹
Bulk Fuel Revolving Loan Fund¹
Child Care Facility Revolving Loan Fund¹
Commercial Fishing Revolving Loan Fund¹
Fisheries Enhancement Revolving Loan Fund¹
Historical District Revolving Loan Fund¹
Housing Assistance Loan Fund¹
Medical Malpractice Liability Revolving Loan Fund¹
Mining Loan Fund¹
Relocation Planning Loans¹
Residential Energy Conservation Fund¹
Scholarship Revolving Loan Fund¹

INACTIVE

Alaska Disaster Economic Impact Fund
Alaska Gas Pipeline Financing Authority
Alaska State Housing Authority (ASHA)
Disaster Relief Fund*
Capital City Revolving Loan Fund
Housing Development Revolving Loan Fund
Outdoor, Recreational, Open Space and
Historical Properties Development Fund*
Public Law 92-203 Loan Program
Small Business Revolving Loan Fund**
Tourism Revolving Loan Fund**
Veterans' Revolving Loan Fund**
Water Resources Revolving Loan Fund**

¹These programs are funded through State appropriations.

²These programs are funded, at least in part, through bond sales.

*These programs are funded to make either grants or loans, and make grants rather than loans.

**These programs are inactive but still service some loans.

Summary of Delinquency and Default
State Loan Programs, 4rd Quarter FY 84

Loan Program	Delinquent Loans ¹		Loans in Default ²	
	\$(thousands)	%	\$	%
<u>Indirect Lenders:</u> Alaska Housing Finance Corporation (all programs)	\$113,615.1	3.0%	\$3,078.2	---*
Alaska Industrial Development Authority:				
AIDA-purchased	7,163.2	3.2%	375.7	---
Appropriated to AIDA	8,107.0	7.7%	2,581.8	2.4%
Alaska Medical Facility Authority	0.0	0.0%	0.0	0.0%
Alaska Municipal Bond Bank Authority	0.0	0.0%	0.0	0.0%
<u>Direct Lenders:</u> Agriculture Revolving Loan Fund	6,953.5	15.6%	5,976.9	13.4%
Alaska Power Authority:				
Power Project Fund	0.0	0.0%	0.0	0.0%
Rural Electrification Revolving Loan Fund	0.0	0.0%	0.0	0.0%
Alaska Resources Corporation	NA	NA	NA	NA
Alternative Technology & Energy Rev. Loan Fund (est.)	2,408.0	22.3%	24.0	.2%
Bulk Fuel Revolving Loan Fund	148.0	.7%	0.0	0.0%
Child Care Facility Rev. Loan Fund	103.0	15.4%	0.0	0.0
Commercial Fishing Revolving Loan Fund	11,551.3	14.4%	607.0	.8%
Fisheries Enhancement Revolving Loan Fund	0.0	0.0%	0.0	0.0%
Housing Assistance Loan Fund ³	1,977.2	2.0%	0.0	0.0%
Medical Malpractice Liability Revolving Loan Fund	0.0	0.0%	0.0	0.0%
Mining Loan Fund	10,621.0	55.9%	0.0	0.0%
Residential Energy Conservation Fund	1,039.2	19.8%	13.4	.3%
Scholarship Revolving Loan Fund	12,470.1	6.7%	10,581.7	5.7%
Small Business Revolving Loan Fund	34,198.0	48.1%	1,763.0	2.5%
Tourism Revolving Loan Fund	1,034.0	16.3%	0.0	0.0%
Veterans' Revolving Loan Fund ⁴	20,333.1	21.5%	540.0	.6%
Water Resources Revolving Loan Fund	0.0	0.0%	0.0	0.0%

*--- less than .1%

¹Delinquency includes all loans that are more than one day past due at the end of the quarter; the exceptions are the Agricultural Revolving Loan Fund, AIDA and the Scholarship Revolving Loan Fund.

²Loans in default are defined as delinquent loans that have been turned over to counsel for legal action, except loans made from the Scholarship Revolving Loan Fund which are considered to be in default if more than 120 days delinquent.

³Includes only the Nonconforming Housing Loan program and mortgages for the Rural Owner-Occupied and Rural Non-Owner-Occupied programs that were purchased since the start of FY 83; mortgages made by the two rural programs before July 1, 1982 are serviced by AHFC and are included in AHFC's delinquency and default figures.

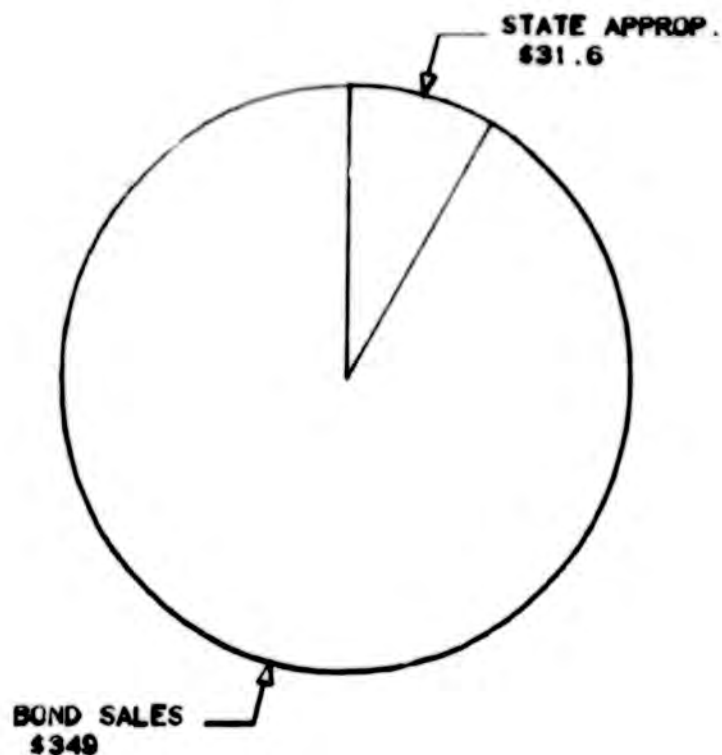
⁴Reflects transfer of all AHFC owned veteran loans effective 11/1/83.

FIGURE 1
TOTALS - ALL STATE LOAN PROGRAMS
4th QUARTER FY 84

Loans Outstanding To Date		Total Loans Approved During FY 84		Loans Approved During the Quarter		Loans Denied During the Quarter	
#	\$	#	\$	#	\$	#	\$
121,680	\$4,978,348,746	29,826	\$1,645,526,075	4,229	\$380,614,843	628	\$54,039,758

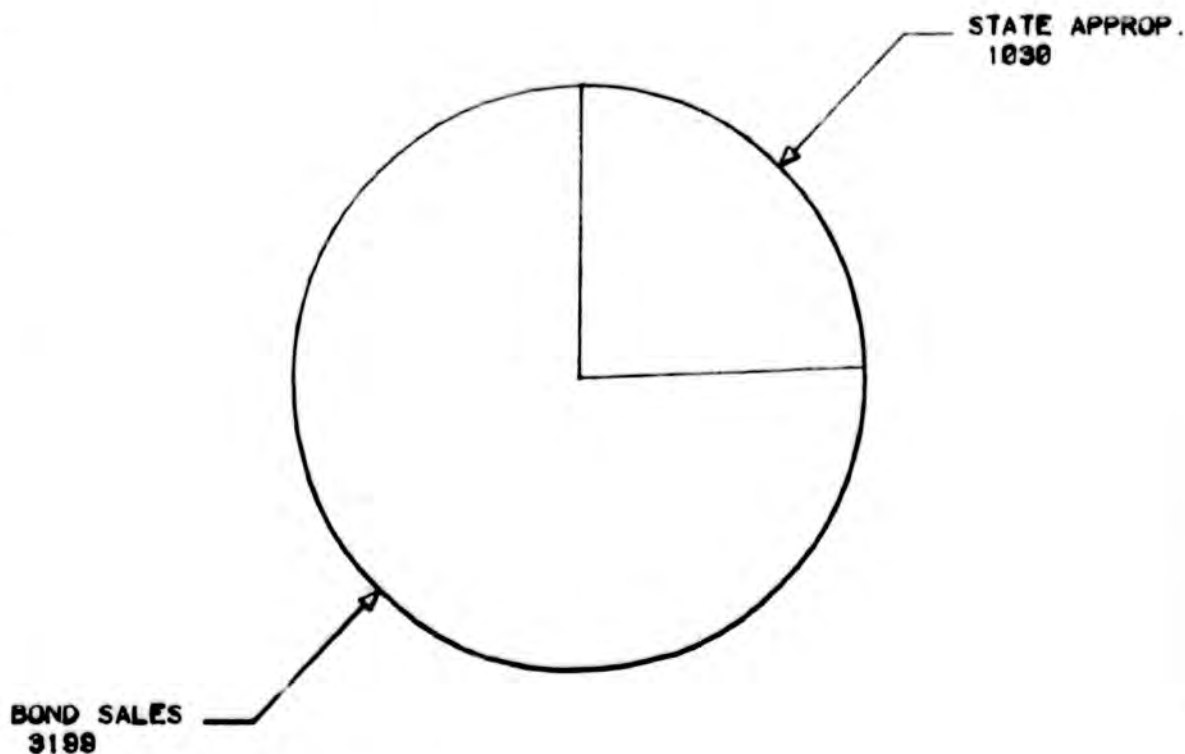
FIGURE 2

**\$ MILLIONS IN LOANS APPROVED, BY PRIMARY SOURCE OF FUNDING
4TH QUARTER, FY 1984**



prepared by House Research Agency

**NUMBER OF LOANS APPROVED, BY PRIMARY SOURCE OF FUNDING
4TH QUARTER, FY 1984**



prepared by House Research Agency

FIGURE 3
DATA BY LOAN TYPE
4th QUARTER FY 84 AND ALL LOANS OUTSTANDING

	Economic Development	Education	Energy	Housing	Medical and Child Care	Municipal Assistance	Totals
# Approved During the Quarter	209	576	155	3,271	0	18	4,229
% of Total # Approved During the Qtr.	5.0%	13.7%	3.7%	77.2%	0.00%	0.43%	100.0%
\$ Amount Approved During the Qtr.	\$ 39,171,374	97,666	\$5,750,097	\$334,783,788	\$ 0	\$ 811,918	\$380,614,843
% of Total \$ Approved during the Qtr.	10.3%	.02%	1.51%	87.9%	0.00%	---	100.0%
# Approved During FY 84 to Date	791	14,785	724	13,459	12	55	29,826
\$ Amount Approved During FY 84 to Date	\$236,997,947	\$62,912,316	\$14,594,188	\$1,319,538,524	\$2,453,600	\$9,029,500	\$1,645,526,075
# of Loans Out- standing to Date	6,661	63,172	3,453	48,282	27	85	121,680
\$ Amount of Loans Outstanding to Date*	\$677,313,147	\$185,495,610	\$50,040,915	\$3,902,939,974	\$16,438,000	\$146,121,100	\$4,978,348,746

NOTE: For a list of the programs that are included in each category, see page 3.

*The total dollar amount of housing loans outstanding to date does not include AIDA multi-family loans.

\$ MILLIONS OF LOANS APPROVED, BY MAJOR LOAN TYPE
4TH QUARTER, FY 1984

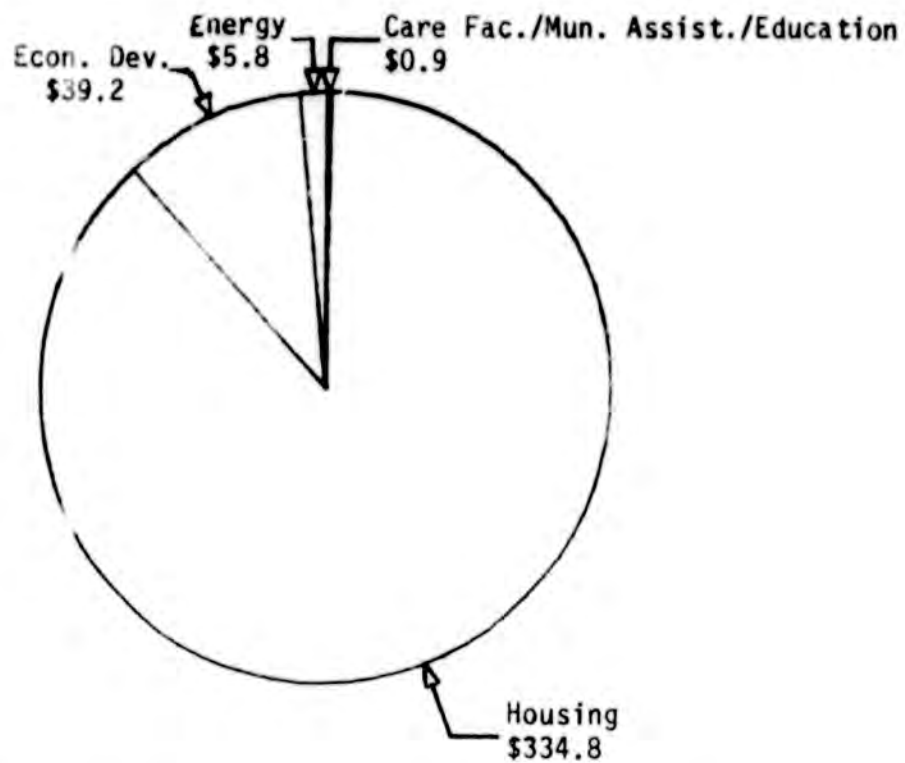
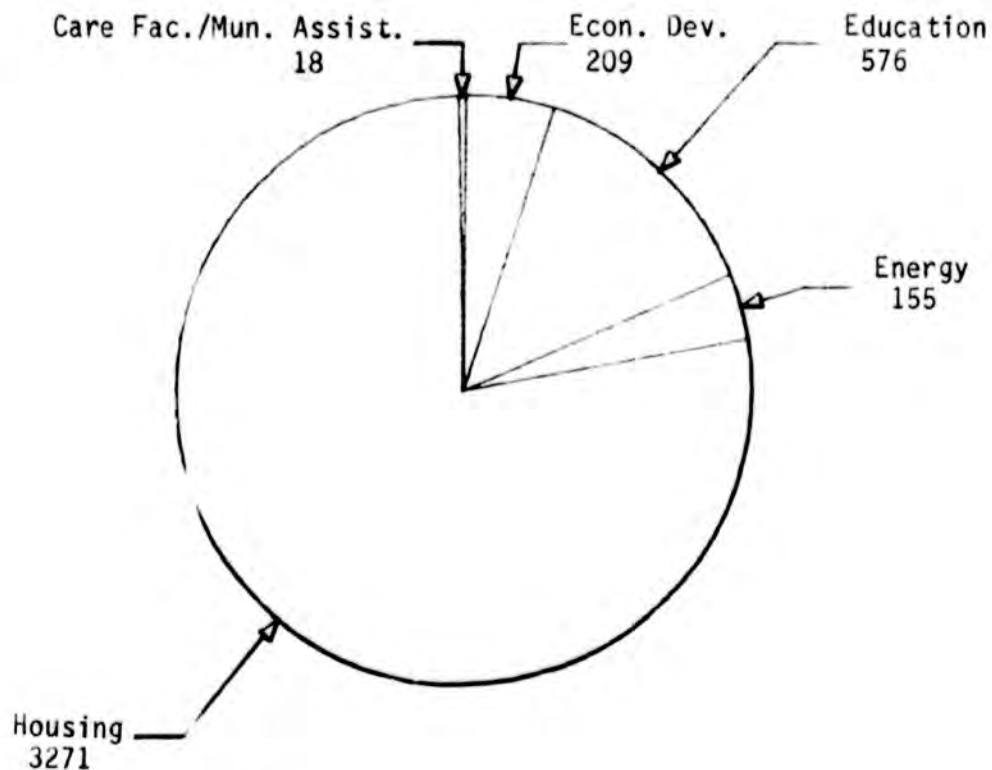


FIGURE 4

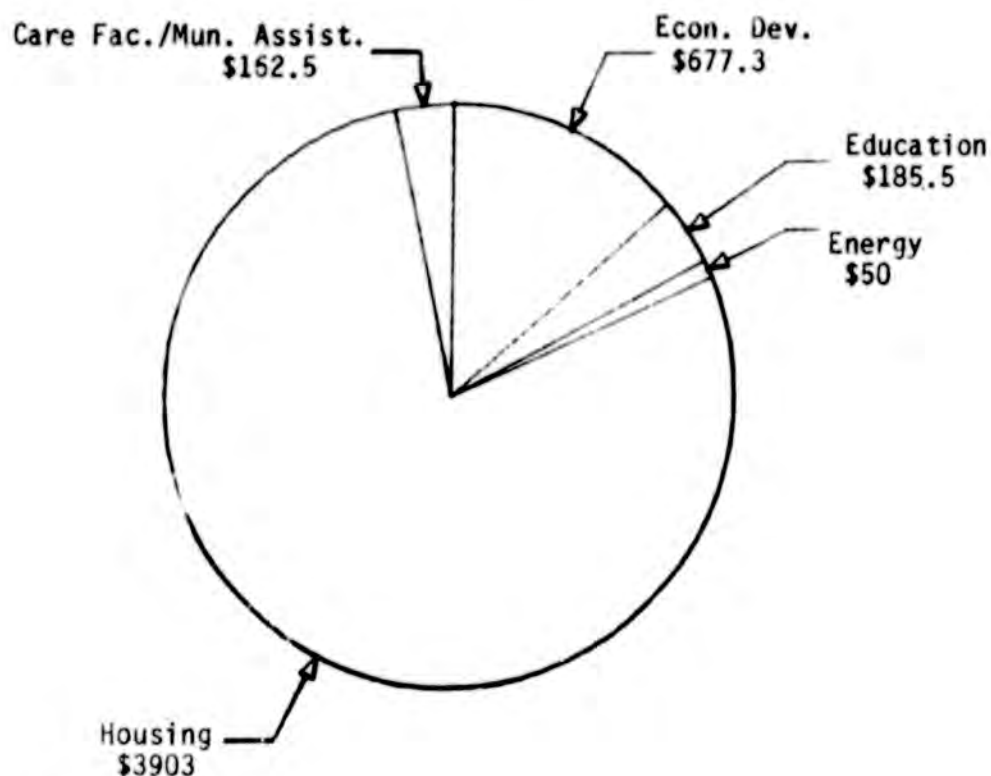
prepared by House Research Agency

NUMBER OF LOANS APPROVED, BY MAJOR LOAN TYPE
4TH QUARTER, FY 1984



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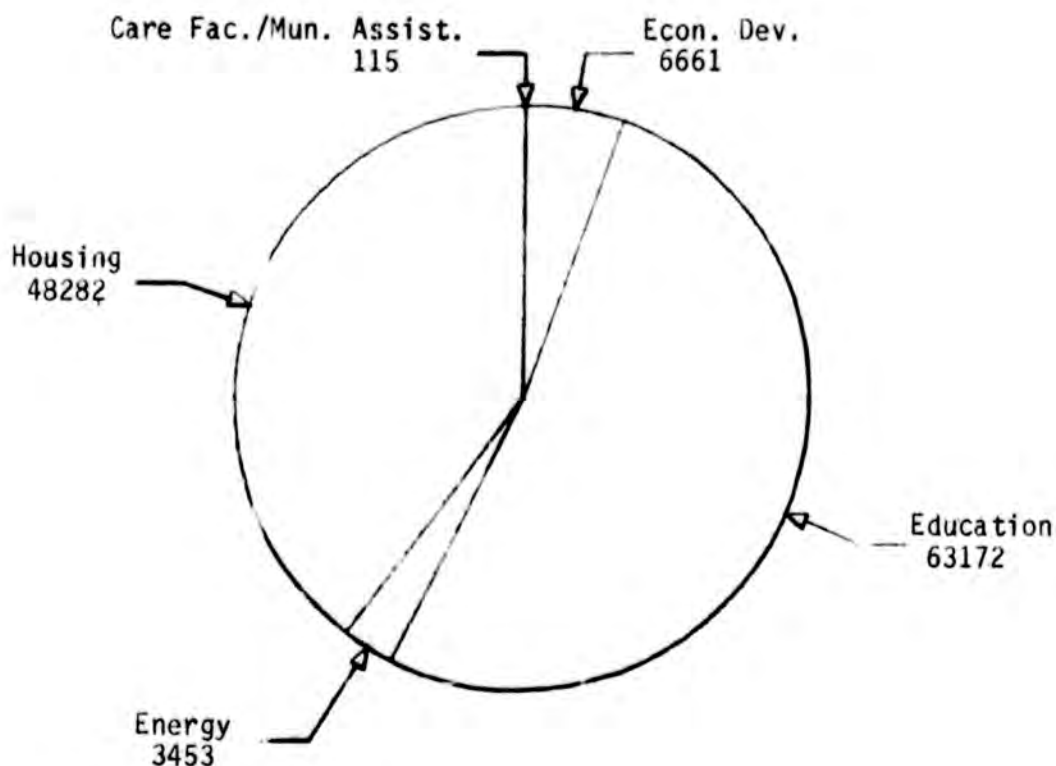
**\$ MILLIONS IN LOANS OUTSTANDING TO DATE, BY MAJOR LOAN TYPE
4TH QUARTER, FY 1964**



prepared by House Research Agency

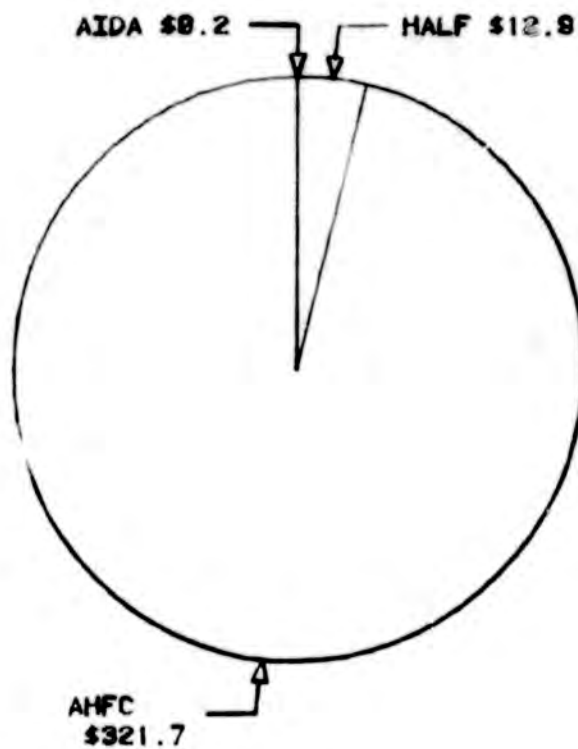
FIGURE 5

**NUMBER OF LOANS OUTSTANDING TO DATE, BY MAJOR LOAN TYPE
4TH QUARTER, FY 1964**



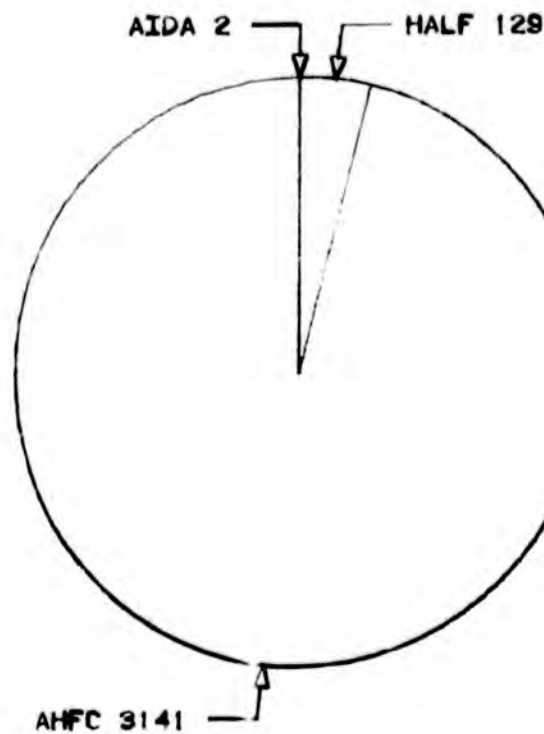
prepared by House Research Agency

8 MILLIONS IN HOUSING LOANS APPROVED, BY PROGRAM
4TH QUARTER, FY 1964



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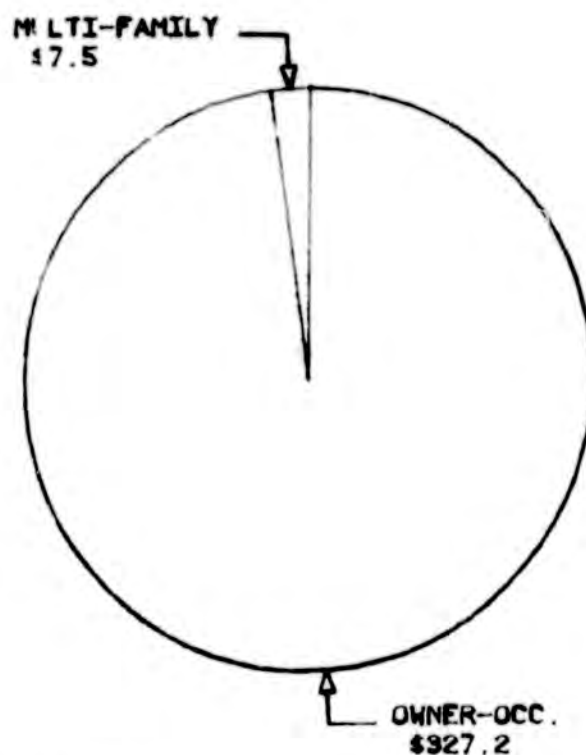
NUMBER OF HOUSING LOANS APPROVED, BY PROGRAM
4TH QUARTER, FY 1964



prepared by House Research Agency

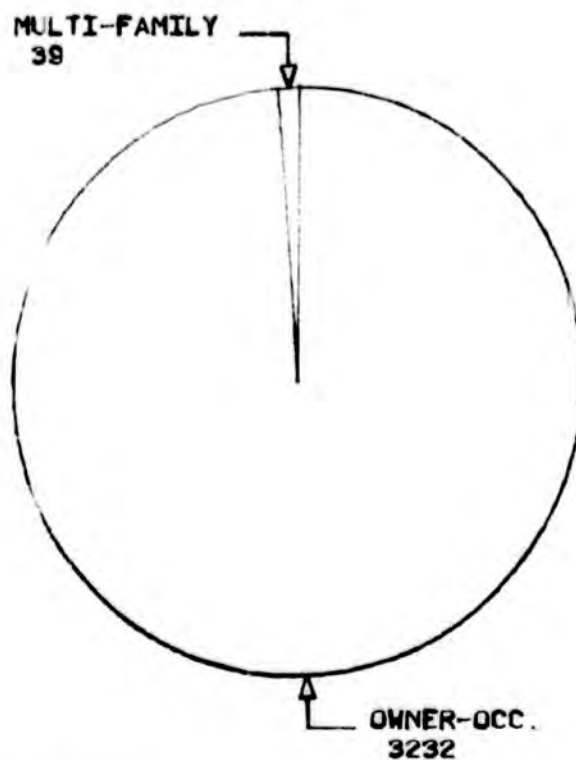
FIGURE 6

**\$ MILLIONS IN HOUSING LOANS APPROVED, OWNER-OCCUPIED & MULTI-FAMILY
4TH QUARTER, FY 1984**



prepared by House Research Agency

**NUMBER OF HOUSING LOANS APPROVED, OWNER-OCCUPIED & MULTI-FAMILY
4TH QUARTER, FY 1984**



prepared by House Research Agency

**\$ MILLIONS IN HOUSING LOANS APPROVED, VETERANS AND NON-VETERANS
4TH QUARTER, FY 1964**

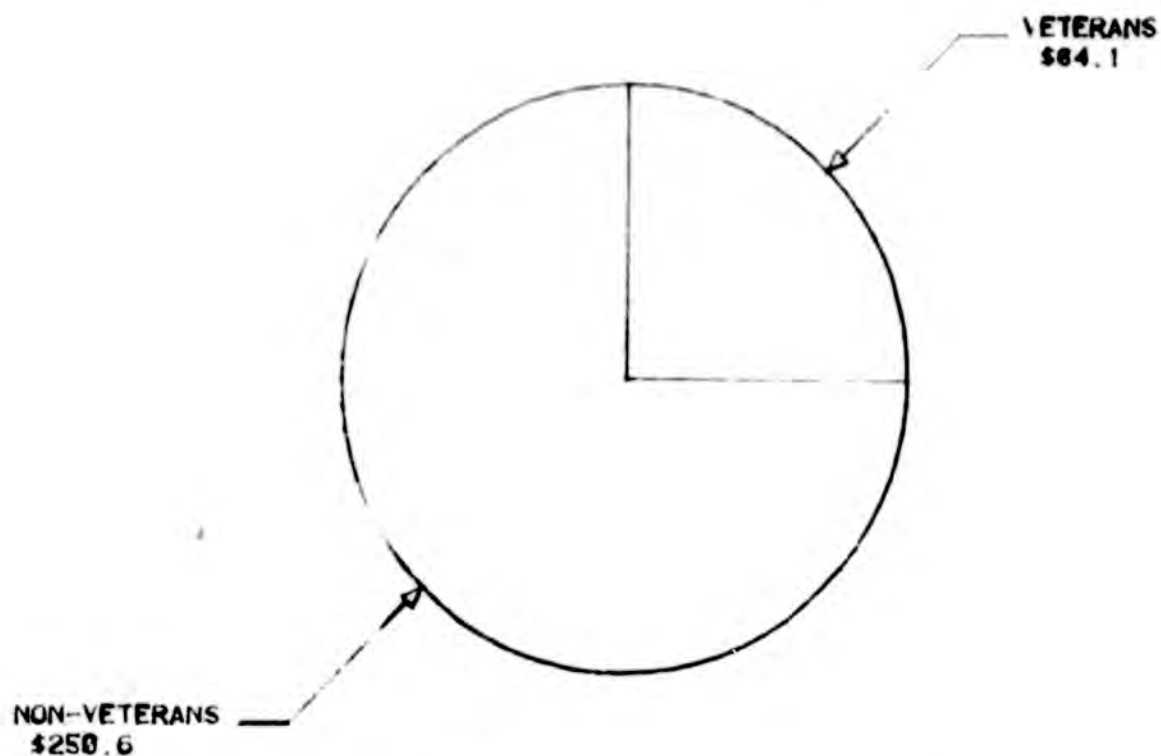
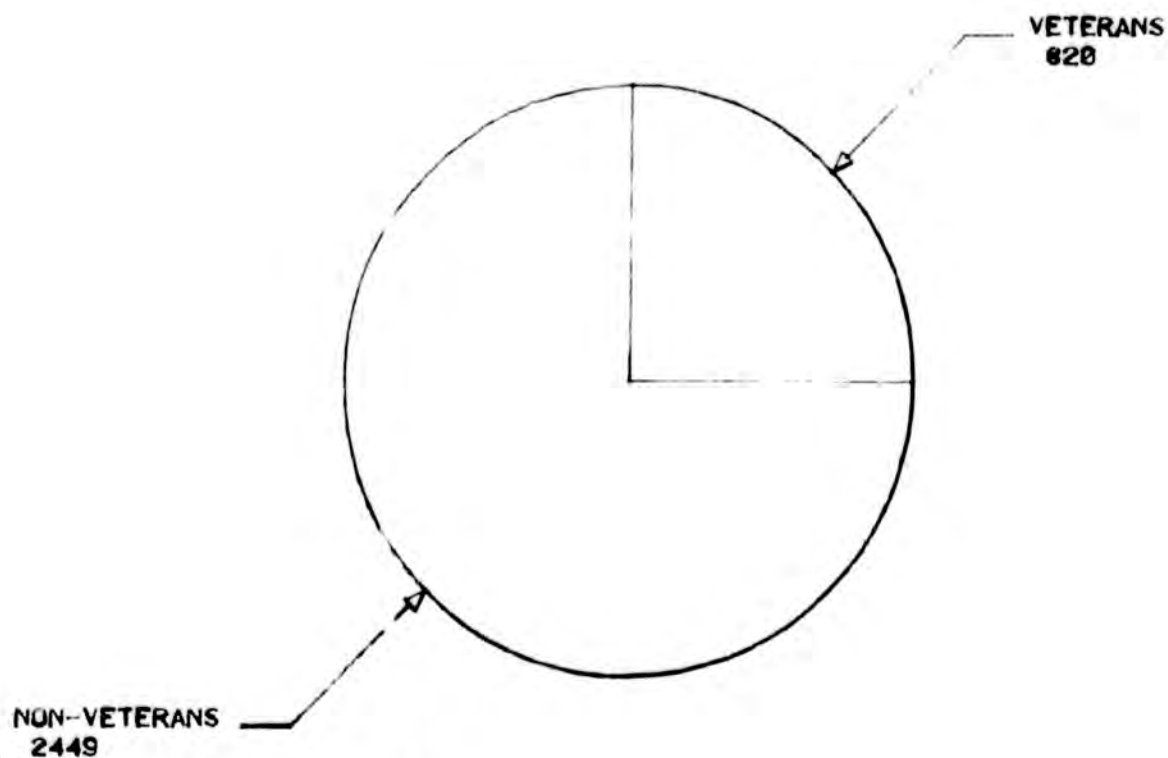


FIGURE 8

prepared by House Research Agency

**NUMBER OF HOUSING LOANS, VETERANS AND NON-VETERANS
4TH QUARTER, FY 1964**

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prepared by House Research Agency

AGRICULTURAL REVOLVING LOAN FUND

Department of Natural Resources, Division of Agriculture
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		# Approved* During FY 84	\$ Amount Approved During FY 84	# of Loans Outstanding To Date	\$ Amount of Loans Outstanding To Date
#	\$	#	\$				
55	\$3,142,195	29	\$1,563,341	183	\$8,400,230	760	\$44,516,005

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91+ DAYS	
#	\$	#	\$	#	\$	#	\$
NA	NA	18	\$276,912	10	519,055	152	\$6,166,547

LOANS IN DEFAULT*

#	\$
121	\$5,976,863

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-100,000	\$100,001-500,000	\$500,001-2.5million
46	8	1

MEAN LOAN AMOUNT DURING THE QUARTER

\$ 57,130

* The Agriculture Revolving Loan Fund reports closed rather than approved loans.

**Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

ALASKA GRAIN RESERVE LOAN FUND

Department of Natural Resources, Division of Agriculture
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		# Approved During FY 84	\$ Amount Approved During FY 84	# of Loans Outstanding To Date	\$ Amount of Loans Outstanding To Date
#	\$	#	\$				
3	\$ 55,197	0	0	4	\$ 178,170	4	\$ 161,623

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91+ DAYS	
#	\$	#	\$	#	\$	#	\$
0	0	0	0	0	0	0	0

LOANS IN DEFAULT**

#	\$
0	0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-50,000	\$50,000-100,000	\$100,001-250,000	\$250,001-500,000	\$500,001-1 million	\$ 1 million +
3					

MEAN LOAN AMOUNT DURING THE QUARTER

\$ 18,399

**Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

ALASKA HOUSING FINANCE CORPORATION (AHFC)

Department of Revenue, Instrumentality
4th QUARTER FY 84

	Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
	#	\$	#	\$	#	\$	#	\$
First Mortgages: Mortgage Subsidy Tax Act Loan Program	1,311	\$145,641,150	214	\$21,767,850	6,963	\$710,008,700	7,248	\$ 594,213,271
First Mortgages: <u>not</u> under Mort- gage Subsidy Tax Act Loan Program	1,497	\$162,414,450	211	22,697,208	4,337	493,986,350	35,332	3,068,087,487
Home Ownership Assistance Program*	298	22,708,200	60	4,524,850	1,173	88,125,050	4,528	168,833,215
Triplex and 4-plex Loan Program*	28	5,519,550	4	913,150	157	31,148,800	NA	NA
Mobile Home Loan Purchase Program	291	11,678,188	78	3,220,762	1,469	56,104,974	3,745	116,481,261
Second Mortgage Loan Program - Taxable Bonds	42	1,959,500	8	346,550	127	5,728,100	562	20,857,320
Second Mortgage Loan Program - Tax-Exempt Bonds	0	0	0	0	0	0	86	1,111,715
TOTALS	3,141	\$321,693,288	511	\$48,032,370	12,896	1,265,828,124	46,973	\$3,800,751,054

*These sub-programs are counted within the top two sub-programs for first mortgages. For this reason, the totals at the bottom of the page do not include these programs.

ALASKA HOUSING FINANCE CORPORATION (cont.)

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS	
#	\$	#	\$	#	\$
991	\$77,878,230	212	\$16,489,275	289	\$19,247,608

LOANS IN DEFAULT*

#	\$
36	\$3,078,232

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-\$50,000	\$50,001-\$100,000	\$100,001-\$125,000	\$125,001-\$150,000	\$150,001-\$500,000
283	1,862	1,212	604	514

MEAN LOAN AMOUNT
DURING THE QUARTER

\$102,417

*Loans in default are defined as delinquent loans for which a notice of foreclosure has been filed.

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY (AIDA)

Department of Commerce and Economic Development, Instrumentality
4th QUARTER FY 84

	Approved During the Quarter		Denied During the Quarter		Approved During FY 84 To Date		Loans Outstanding To Date	
	#	\$	#	\$	#	\$	#	\$
Umbrella Bond Program	6	\$ 8,660,000	3	\$ 1,630,000	88	\$ 66,055,000	365*	\$161,797,684*
Revenue Bond Program	5	8,512,000	0	\$ 0	61	\$ 98,827,875	NA**	NA**
Federally Guaranteed Loans	47	\$10,120,700	0	\$ 0	183	\$ 38,982,872	308	\$ 60,206,116
Multi-Family Housing Loan Account	1	\$ 230,000	0	0	6	\$ 4,020,000	Included in umbrella loan totals	
TOTALS	59	\$ 27,522,700	3	1,630,000	338	\$207,885,747	673*	\$222,003,800*

*Does not include 699 loans appropriated by the State to AIDA; their outstanding balance is \$105,594,819.

**AIDA did not provide the number and dollar amount for outstanding revenue bond loans.

ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY (cont.)

DELINQUENCY AT THE END OF THE QUARTER

	1 - 30 DAYS		31 - 60 DAYS		61 - 90 DAYS		91+ DAYS	
	#	\$	#	\$	#	\$	#	\$
AIDA-purchased loans	NA	NA	24	\$4,890,595	6	\$1,568,107	4	\$704,485
Appropriated loans	NA	NA	12	\$2,304,247	9	987,477	32	\$4,815,233

LOANS IN DEFAULT***

	#	\$
AIDA-purchased loans	3	\$375,755
Appropriated loans	13	\$2,581,806

MEAN LOAN AMOUNT DURING THE QUARTER

\$466,486

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-100,000	\$100,001-250,000	\$250,001-500,000	\$500,001-1 million	\$1,000,001-5 million	\$5,000,001-10,000,000	\$10,000,001+
10	24	15	4	6	0	0

***Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

ALASKA MEDICAL FACILITY AUTHORITY

Department of Revenue, Instrumentality
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	1	\$2,062,000	2	\$12,767,000

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91-120 DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	0	\$0

LOANS IN DEFAULT*

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-1 million	\$1,000,001-10 million	\$10,000,001 +
0	0	0

MEAN LOAN AMOUNT
DURING THE QUARTER

\$0

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Department of Revenue, Instrumentality
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
0	0	0	0	3	\$6,950,000	42	\$145,462,000

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91-120 DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	0	\$0

LOANS IN DEFAULT*

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-500,000	\$500,001-1 million	\$1,000,001+
0	0	0

MEAN LOAN AMOUNT
DURING THE QUARTER

0

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

ALASKA POWER AUTHORITY

Department of Commerce and Economic Development, Instrumentality
4th QUARTER FY 84

	Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
	#	\$	#	\$	#	\$	#	\$
Power Project Fund	3	\$4,500,000	0	\$0	5	\$7,500,000	14	\$29,229,127
Rural Electrification Revolving Loan Fund	0	\$0	0	\$0	5	\$2,304,688	7	\$ 3,844,688
TOTALS	3	\$4,500,000	0	\$0	10	\$9,804,688	21	\$33,073,815

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91-120 DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	0	\$0

LOANS IN DEFAULT**

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-250,000	\$250,001-500,000	\$500,001-1 million	\$1,000,001-5 million	\$5,000,001-10 million	10 million+
	1		2		

MEAN LOAN AMOUNT DURING THE QUARTER

\$1,500,000

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

ALASKA RESOURCES CORPORATION (ARC) *

Department of Revenue, Instrumentality
4th QUARTER FY 84

	Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
	#	\$	#	\$	#	\$	#	\$
Agriculture	0	\$ 0	0	\$0	0	\$ 0	3	\$ 258,048
Commercial Fish Processors' Assistance Fund	0	\$ 0	0	\$0	0	0	7	\$ 8,198,894
Fisheries	0	\$ 0	0	\$0	1	\$ 498,000	17	\$ 3,694,096
Forest Assistance	0	\$ 0	0	\$0	0	\$ 0	12	\$ 5,265,066
Forest Products*	0	\$ 0	0	\$0	10	\$1,000,000	13	\$ 1,318,875
Manufacturing	0	\$ 0	0	\$0	0	\$ 0	2	\$ 370,000
Total	0	\$ 0	0	\$0	11	\$1,498,000	54	\$19,104,979

* Due to reorganization, 4th quarter information was not available from ARC. The information appearing on the next two pages is from the 3rd quarter, FY 84.

** The loans approved during 1984 to date are additional disbursements on existing loans.

ALASKA RESOURCES CORPORATION (cont.)

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91+ DAYS	
#	\$	#	\$	#	\$	#	\$
NA *	NA *	0	\$0	1	\$ 23,654	10	\$2,196,847

LOANS IN DEFAULT**

#	\$
5	\$3,575,819

NUMBER OF LOANS AWARDED DURING THE QUARTER, BY RANGE

\$0-50,000	\$50,001-100,000	\$100,001+
0	0	0

MEAN LOAN AMOUNT
DURING THE QUARTER

0

*ARC considers loans to be current until the 31st day of delinquency. In previous loan reports, delinquency may have been overstated as these loans were classified as delinquent.

**Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

ALTERNATIVE TECHNOLOGY AND ENERGY REVOLVING LOAN FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
102	1,061,061	6	\$86,516	392	\$3,509,500	1,868	\$10,806,000

DELINQUENCY AT THE END OF THE QUARTER (estimated)

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
177	1,076,100	55	\$326,100	44	\$245,600	165	\$760,100

LOANS IN DEFAULT*

#	\$
2	\$23,000

NUMBER OF LOANS APPROVED DURING THE QUARTER BY RANGE

\$0-5,000	\$5,001-10,000	\$10,001-50,000
25	15	62

MEAN LOAN AMOUNT DURING THE QUARTER

\$10,402

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

BULK FUEL REVOLVING LOAN FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
18	\$811,918	0	\$0	51	\$1,979,500	38	\$403,900

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
2	\$17,300	2	\$56,000	3	\$54,000	3	\$21,500

LOANS IN DEFAULT*

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER BY RANGE

\$0-25,000	\$25,001-50,000	\$50,001-100,000	\$100,000 +
0	18	0	0

MEAN LOAN AMOUNT DURING THE QUARTER

\$45,106

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

CHILD CARE FACILITY REVOLVING LOAN FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
0	0	2	45,717	11	\$391,600	24	\$671,000

DELINQUENCY AT THE END OF THE QUARTER (estimated)

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
2	\$51,000	1	\$41,200	1	\$10,800	0	0

LOANS IN DEFAULT*

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-10,000	\$10,001-30,000	\$30,001-50,000	\$50,000-75,000	\$75,001+
0	0	0	0	0

MEAN LOAN AMOUNT DURING THE QUARTER

0

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

COMMERCIAL FISHING REVOLVING LOAN FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loas Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
86	\$4,813,187	35	\$1,679,023	240	\$13,914,800	1,733	\$80,249,500

DELINQUENCY AT THE END OF THE QUARTER (estimated)

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$		\$	#	\$	#	\$
15	\$527,500	4	150,800	6	\$526,000	184	10,347,000

LOANS IN DEFAULT*

#	\$
11	\$607,000

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-25,000	\$25,001-50,000	\$50,001-75,000	\$75,001-100,000	\$100,000+
21	21	18	17	9

MEAN LOAN AMOUNT DURING THE QUARTER

\$55,967

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

FISHERIES ENHANCEMENT REVOLVING LOAN FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
6	\$3,400,342	0	0	18	\$6,775,800	84	\$33,989,400

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	0	\$0

LOANS IN DEFAULT *

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-100,000	\$100,001-250,000	\$250,001-500,000	\$500,001-750,000	\$750,001-1 million	1 million +
0	1	3	1	0	1

MEAN LOAN AMOUNT DURING THE QUARTER

\$566,723

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

HISTORICAL DISTRICT REVOLVING LOAN FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	1	\$100,000	5	\$255,200

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	0	\$0

LOANS IN DEFAULT*

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-25,000	\$25,001-50,000	\$50,001-100,000
0	0	0

MEAN LOAN AMOUNT DURING THE QUARTER

\$0

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

HOUSING ASSISTANCE LOAN FUND (HALF)*

Department of Community and Regional Affairs, Division of Housing Assistance
4th QUARTER FY 84

	Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
	#	\$	#	\$	#	\$	#	\$
Nonconforming Housing	3	\$ 170,050	1	\$124,000	145	\$9,525,400	738	\$45,048,822
Rural Owner-Occupied Housing**	116	\$10,900,550	6	\$536,800	380	\$34,107,850	529	\$47,175,959
Rural Non-Owner-Occupied Housing**	10	\$ 1,789,900	1	\$220,000	32	\$ 6,057,150	42	\$ 9,964,139
Totals	129	\$12,860,500	8	\$ 880,800	557	\$49,690,400	1,309	\$102,188,920

*The Alaska Housing Finance Corporation holds the loans made by these programs prior to July 1, 1982.

HOUSING ASSISTANCE LOAN FUND (cont.)

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	15	1,403,673	3	\$348,483	5	\$214,017

LOANS IN DEFAULT

#	\$
0	0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-50,000	\$50,001-100,000	\$100,001-150,000	\$150,001-500,000	\$500,001+
17	61	35	16	0

MEAN LOAN AMOUNT DURING THE QUARTER

\$ 99,693

MEDICAL MALPRACTICE LIABILITY REVOLVING LOAN FUND

Department of Commerce and Economic Development, Division of Insurance
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	1	\$3,000,000

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	0	\$0

LOANS IN DEFAULT*

#	\$
0	\$0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-1 million	\$1,000,001-3 million
0	0

MEAN LOAN AMOUNT DURING THE QUARTER

\$0

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

MINING LOAN FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
1	\$ 468,453	0	0	14	\$3,863,200	46	\$19,008,300

DELINQUENCY AT THE END OF THE QUARTER (estimated)

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
4	3,756,700	1	21,800	0	0	16	\$6,842,500

LOANS IN DEFAULT*

#	\$
0	0

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-100,000	\$100,001-250,000	\$250,001-500,000	\$500,001-750,000	\$750,001-1 million	\$1 million +
0	0	1	0	0	0

MEAN LOAN AMOUNT DURING THE QUARTER

\$468,453

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

RESIDENTIAL ENERGY CONSERVATION FUND

Department of Commerce and Economic Development, Division of Investment and Division of Accounting and Collections
4th QUARTER FY 84

Approved During the Quarter		Denied During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
50	\$ 189,036	3	\$10,343	322	\$1,280,000	1,563	\$5,251,300

DELINQUENCY AT THE END OF THE QUARTER (estimated)

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
139	\$461,500	66	\$232,100	29	\$91,800	75	\$253,800

LOANS IN DEFAULT*

#	\$
3	\$13,400

NUMBER OF LOANS APPROVED DURING THE QUARTER, BY RANGE

\$0-2,500	\$2,501-5,000
16	34

MEAN LOAN AMOUNT DURING THE QUARTER

\$3,780

*Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

SCHOLARSHIP REVOLVING LOAN FUND

Department of Education, Commission on Postsecondary Education
4th QUARTER FY 84

Approved During the Quarter		Rescinded* During the Quarter		Approved During FY 84 to Date		Loans Outstanding To Date	
#	\$	#	\$	#	\$	#	\$
576	97,666	31	111,648	14,785	\$62,912,316	63,172	\$185,495,610

DELINQUENCY AT THE END OF THE QUARTER

1-29 DAYS**		30-59 DAYS		60-89 DAYS		90-120 DAYS	
#	\$	#	\$	#	\$	#	\$
NA	NA	2,204	\$8,072,227	897	\$2,710,161	561	\$1,687,758

LOANS IN DEFAULT***

#	\$
3,718	\$10,581,652

MEAN LOAN AMOUNT DURING THE QUARTER

Undergraduate

NA

Graduate

NA

*The commission does not formally deny loans; loan examiners discourage ineligible applicants from applying. However, during certain times of the year the commission receives notification that students have cancelled their loans because they have withdrawn from school or found alternate funding.

**The commission does not consider loans to be delinquent until the 30th day.

***Loans in default are defined as loans that are more than 120 days delinquent.

SMALL BUSINESS REVOLVING LOAN FUND*

Department of Commerce and Economic Development, Division of Accounting and Collections
4th QUARTER FY 84

Loans Outstanding To Date	
#	\$
543	\$71,064,500

DELINQUENCY AT THE END OF THE QUARTER (estimated)

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
88	11,671,800	54	7,724,000	37	\$4,880,200	97	\$9,922,300

LOANS IN DEFAULT**

#	\$
9	\$ 1,763,000

*The Small Business Loan Fund is inactive; the Division of Accounting and Collections continues to service the above loans.

**Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

TOURISM REVOLVING LOAN FUND*

Department of Commerce and Economic Development, Division of Accounting and Collections
4th QUARTER FY 84

Loans Outstanding To Date	
#	\$
20	\$6,341,500

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91 + DAYS	
#	\$	#	\$	#	\$	#	\$
1	47,400	1	37,500	0	0	4	\$949,800

LOANS IN DEFAULT**

#	\$
0	\$0

*The Tourism Revolving Loan Fund is inactive; the Division of Accounting and Collections still services the above loans.

**Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

VETERANS' REVOLVING LOAN FUND*

Department of Commerce and Economic Development, Division of Accounting and Collections
4th QUARTER FY 84

Loans Outstanding To Date**	
#	\$
2,099	\$94,383,700

DELINQUENCY AT THE END OF THE QUARTER (estimated)

1-30 DAYS		31-60 DAYS		61-90 DAYS		91+ DAYS	
#	\$	#	\$	#	\$	#	\$
180	\$8,402,400	73	\$3,616,100	48	\$2,136,200	144	\$6,178,400

LOANS IN DEFAULT***

#	\$
10	\$540,000

*The Veterans' Revolving Loan Fund is inactive; the Division of Accounting and Collections still services the above loans.

**Servicing of all AHFC-owned veteran loans transferred as of 11/1/83.

***Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.

WATER RESOURCES REVOLVING LOAN FUND*

Department of Commerce and Economic Development, Division of Accounting and Collections
4th QUARTER FY 84

Loans Outstanding To Date	
#	\$
1	\$909,800

DELINQUENCY AT THE END OF THE QUARTER

1-30 DAYS		31-60 DAYS		61-90 DAYS		91+ DAYS	
#	\$	#	\$	#	\$	#	\$
0	\$0	0	\$0	0	\$0	0	\$0

LOANS IN DEFAULT**

#	\$
0	\$0

*The Water Resources Revolving Loan Fund is inactive; the Division of Accounting and Collections still services the one outstanding loan.

**Loans in default are defined as delinquent loans that have been turned over to counsel for legal action.



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Signature of Camera Operator


Date

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#50:8

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

① create file
② set up a budget file
to track
POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800

MEMORANDUM

TO : THE HONORABLE JOHN L. SUND
HOUSE LOANS

FROM : PAMELA A. *for* STOOPS, MANAGER
ADMINISTRATIVE SERVICES

DATE : JULY 19, 1985

SUBJECT: FY 86 INTERIM COMMITTEE BUDGET

Speaker Grussendorf has authorized an interim committee budget for FY 86 to the House Loans committee in the amount of \$50,960.00. A \$25,000.00 allocation was also allotted to your committee for a professional services contract but will not be reflected in your FY 86 monthly budget reports.

71000	Personal Services	\$42,860.00
72000	Travel	5,000.00
73000	Contractual	2,800.00
74000	Supplies	300.00
75000	Equipment	0.00
		<u>\$50,960.00</u>

Our accounting office has assigned your committee the account code 31-92-2-618. All expenditures of the committee should be forwarded to this office in the form of an invoice or receipt, with an authorized signature, and the account code written clearly on the face of the invoice.

The account chairs are authorized to sign any committee expenses, along with any individuals designated by the chair. Our records indicate that you are the authorized signer of this account. If this is not correct, please submit in writing the names of individuals whom you wish to authorize.

Please remember all travel requests must be approved by the Speaker's Office. No equipment purchases are authorized without prior written approval from the Speaker's Office.

It is the responsibility of the committee to work within the allocated budget. Monthly reports will be issued showing the current status of

Page Two
July 19, 1985

Re: FY 86 Interim Committee Budget

the account. Please review these closely. If you have any questions, please give me a call at 465-3850.

The unexpended funds for the House Loans committee as of January 11, 1986, will be unavailable during session for expenditures. Interim committees do not operate during session. Bills will not be paid for any expenditures dated after January 10, 1986. The balance of your FY 85 committee funds will be available after session adjourns in May of 1986 to pay for your staff and committee expenses through June 30, 1986. No additional funds will be available to your committee until July 1, 1986.

ALLOCATION BALANCE SUMMARY - RECEIPTS TO-DATE PRN:0001009 PER:00325 11/28/85
 BY LOCATION CODE EXPENDITURES BY ACCOUNT
 21422414-75 HOUSE SP COMM LOANS
 CDB:1986

ENTITY NUMBER - DESCRIPTION	TO-DATE BUDGET	ACTUAL	ENCUM	UNSPER- ENCUMB
*** 00000 TOTAL EXPENDITURES	54,742	25,791	0	28,951
*** 70100 GROUP CRD-MET SER	47,247	25,749	0	21,498
*** 70000 PERSONAL SERVICES	36,047	21,482	0	14,565
*** 70300 GROUP CRD-OTHER	6,100	4,030	0	2,070
*** 70000 GROUP CRD	5,000	2,432	0	2,568
*** 70000 OTHER SVCS & CHARGE	6,500	1,227	0	5,273
*** 70000 SUPPLIES	500	0	0	500

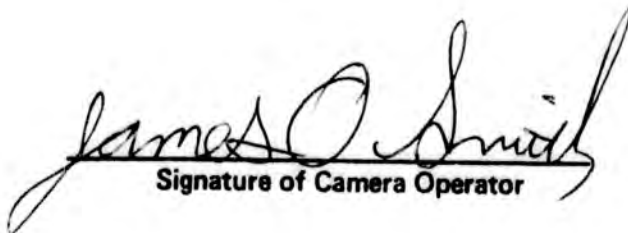
FOR NEXT SECTION ENTER: NUMBER _____ YEAR _____ LINE: 1911
 RELEASED _____ FF&PP (PUCS) PAPERABLE



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Date

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#50:9

Red Dog funds may be tied to airport bonds

Daily News reporter

JUNEAU — The House Loans Committee on Tuesday discussed options for attaching a measure to aid the proposed Red Dog mine to a bill authorizing the sale of bonds for improvements to Anchorage International Airport.

The proposed amendment to the bill would authorize the Alaska Industrial Development Authority to sell up to \$175 million worth of bonds to finance construction of a road and port to serve the proposed zinc mine north of Kotzebue.

The original bill would authorize the sale of \$86.5 million worth of bonds for improvements to the main Anchorage airport.

Linking the Red Dog bonds to the airport bonds would make it more difficult for Anchorage legislators to vote against the Red Dog proposal.

Rep. John Sund, D-Ketchikan and chairman of the loans committee, said

the Sheffield administration, which has requested the aid for Red Dog, asked that the Red Dog bond authorization be attached to the airport bonds.

The administration has requested the Red Dog bond authorization be approved with no legally binding conditions attached to it, but the loans committee discussed making the bond authorization contingent on AIDA and the mine developers satisfying several requirements.

The loans committee took no action on the Red Dog proposal but Sund said the committee will continue the discussion on Thursday.

The proposed mine would be developed by Cominco Ltd., a Canada-based international mining company, in partnership with the Kotzebue-based NANA Regional Corp., which owns the mineral deposit.

Cominco has agreed verbally to repay the state \$260 million over 30 years in the form of user fees for the road

and port. That would make state financing of the mine transportation system a low-interest loan with an effective subsidy of tens of millions of dollars.

Under the loans committee staff proposal for bonding conditions, Cominco would have agree to pay road and port user fees that ensure a "reasonable return on the state's investment." Cominco would have to agree to an accelerated user-fee payment plan if zinc prices rise above a level AIDA determines would yield a "reasonable profit" to Cominco.

Terry Elder, deputy commissioner of the state Department of Commerce and Economic Development, told committee members the proposed conditions on bond authorization could leave the state vulnerable to lawsuits from opponents of the project who might disagree with the administration on what constitutes a reasonable return to state and a reasonable profit for Cominco.

Alaska State Legislature

Red Dog



House of Representatives

Committee on Loans

POUCH V
JUNEAU, ALASKA 99811

PHONE
(907) 465-4919
(907) 465-4920

TUESDAY, APRIL 16, 1985

3:30 p.m.

Capitol Room 124 (House Judiciary)

- * HB 105 "An Act relating to the international airports revenue bonds authorization; and providing for an effective date."

Loan Program Funding for FY 86.

For more information, contact JOHN HARTLE
CAPITOL ROOM 411
465-4919

* Indicates first public hearing.


COMMITTEE:

House Loans Committee

DATE: 4/16/85

SIGN-IN

Subject of meeting:

HB105 w/ AIDA and
Loan Funding

NAME	ADDRESS	PHONE	REPRESENTING	DO YOU WANT TO TESTIFY?
Terry Elder	Pouch D	465-2502	DCED	yes
But WAGNER	1577 C. ST SEITE 304	~~465~~ 274-1651	AK Fed. Dev. A.I.D.	Yes
Phil Barnett	419 6th St., Suite 21, JNU	586-2751	Sierra Club Legal Defence Fund	yes
Ron Lind	Pouch Z	465-3911	DOT & PF	—
BRIAN ALLEN	P.O. Box 73075 Fairbanks AK 99707	personal: 586-2345	Alaska Environ. Lobby	yes if
H.M. Gregorich	6522 Lukewy, Anchorage	243-0908	Commer Alaska	required
Don ARGETSINGER	4706 Harding Dr. Anchorage	248-3070	NANA	If Required

HOUSE SPECIAL COMMITTEE
ON STATE LOANS
April 16, 1985
3:30 p.m.

Members Present: Representative John Sund, Chair
Representative Jack Fuller
Representative Sam Cotten
Representative Rick Uehling
Representative Jim Duncan

COMMITTEE CALENDAR

HB 105 "An Act relating to the international
airports revenue bonds authorization; and
providing for an effective date." (Also Red
Dog amendment.)

WITNESS REGISTER

Bert Wangnon, Executive Director
Alaska Industrial Development Authority
1577 "C" Street, Suite 304
Anchorage, AK 99501
274-1651
Position Statement: Testified in favor of Red Dog amendment

Representative Steve Frank
Pouch V
Juneau, AK 99811
465-3709
Position Statement: Questions and comments

Terry Elder, Deputy Commissioner
Department of Commerce and Economic Development
Pouch D
Juneau, AK 99811
465-2502
Position Statement: Testified in favor of Red Dog amendment

Don Argetsinger
Nana Regional Corporation
4706 Harding Drive
Anchorage, AK
248-3030
Position Statement: Testified in favor of Red Dog amendment

Mary Nordale, Commissioner
Department of Revenue
Pouch S
Juneau, AK 99811
465-2300

Position Statement: Testified in favor of Red Dog amendment

PREVIOUS ACTION

HB 105: Read the first time 01/23/85 with Governor's Transmittal Letter and referred to TRSP Rpt 3DP INR, Loans Referral added on 04/10/85, State Loans, Finance and Rules; fiscal note with analysis in Supplement #7. Previous hearings regarding Red Dog Mine by Loans Committee 2/8/85 (joint with Resources), 3/26/85 and 3/27/85.

ACTION NARRATIVE

TAPE #21, SIDE ONE
Recording
Number 001

The meeting was called to order at 3:33 p.m. by Chairman Sund. Members present included Representative Sund, Representative Uehling, Representative Fuller, and Representative Cotten. Representative Duncan arrived at 3:45 p.m. Representative Frank also attended. Chairman Sund said that the committee would be considering bond authorization for AIDA in the form of amendments to HB 105.

Number 056

Mr. Terry Elder, Deputy Commissioner for DCED, explained what the proposed amendments would do to HB 105. He said they would give AIDA the authority to issue bonds or notes for the financing of the DeLong Mountain Transportation Project in an amount not to exceed \$175 million. He added that there also are other amendments proposed by the committee staff that outline conditions that have to be met before the bonds can be sold.

Number 089

Chairman Sund asked what is the statutory requirement that the Legislature approve AIDA's bonding authority.

Number 095

Mr. Bert Wagnon, Executive Director of AIDA, answered that, according to AS 44.88.090, every project exceeding \$50 million must be approved by the Legislature.

Number 155

Chairman Sund started to go through the conditions outlined in the amendment, stating that bonds or notes may not be issued until certain conditions are met. He asked if bond council would be available to

address the applicability of the amendments.

Number 170

Mr. Wagnon said that, although bond council had not yet reviewed these specific amendments, AIDA does not feel that any of the conditions destroy the tax exemption. He added that they wanted to avoid creating a direct link between Cominco's tariff payments and the debt service on the bonds, because that may jeopardize the tax exempt status of the bonds.

Number 210

Chairman Sund asked Mr. Elder and Mr. Wagnon for their reactions to the proposed conditions.

Number 215

Mr. Elder said that there are some wording problems, for example in item 1c, stating that payments by Cominco, Ltd., to the state will be accelerated. He said that "state" should be replaced with "AIDA". In item 4, he said that they wouldn't want to have to obtain a revenue ruling that all of the bonds would qualify as tax exempt. He suggested deleting everything from "obtains" through "status". He added that the conditions had given them heartburn but that, since they do not destroy the tax exempt status, AIDA would like to see the committee move ahead with them.

Number 265

Chairman Sund said that, since there is no finance plan, the conditions act as a "comfort factor" for the committee.

Number 270

Mr. Elder said that, when things like "reasonable profit" are included in the conditions, his concern would be the possibility of litigation in the future.

Number 278

Representative Uehling asked Mr. Elder if he would make suggestions as to what should be changed.

Number 281

Mr. Elder said that his suggestion would be to include the conditions in a letter of intent, instead of putting them into law. He said that the committee could still accomplish its objectives without the threat of litigation.

Number 295

Chairman Sund asked if AIDA's intention to buy the road corridor from Nana at fair market value was part of the plan all along.

- Number 300 Mr. Wagnon answered that detailed plans had not yet been worked out, but that he was also surprised to learn of this, because in tentative discussions with Nana, they had talked in terms of easements, rights of way, and long term lease arrangements, but not actually buying the land.
- Number 315 Chairman Sund asked why they wouldn't pursue fee simple ownership of the land.
- Number 320 Mr. Wagnon answered that it would be against Nana's corporate philosophy to dispose of any of their land.
- Number 323 Representative Cotten said that, since the road would benefit Nana, it seems strange that AIDA would have to buy the land. He suggested excluding the words "more than fair market value" and include the word "cost", and after the word land include the words "and materials".
- Number 344 Mr. Elder said that, if the legislature is that specific about what should be a negotiable item, they may run the risk of legal problems leading to loss of the contract.
- Number 350 Chairman Sund pointed out that there is no contract.
- Number 355 Mr. Elder said no, but this would be in essence forming a contract.
- Number 360 Representative Frank said that, if Nana wants the state to provide beneficial financing, then they should be willing to put up their part of the deal.
- Number 365 Mr. Wagnon answered that Nana and AIDA have not yet agreed on what the cost will be. He said that, besides the land, there is also the material involved, and Nana will control the vast amount of material (gravel, rip rap, rock.) He said it wouldn't be appropriate for the state to say that they were going to obtain land for free that belongs to a private corporation. Some of these negotiations should not be put into statute.
- Number 380 Chairman Sund said that the committee is trying to give AIDA the authority to issue

bonds, and since AIDA has not given any specifics on these issues, the committee coming up with guidelines to give AIDA direction and make the committee more comfortable.

Number 389

Representative Duncan asked if the land in the national monument has been conveyed to Nana by the Dept. of Interior yet.

Number 400

Mr. Don Argetsinger, Vice President of Nana Regional Corporation, answered that the road would go through land owned by Nana, state land, and it is proposed to go across 15 miles of the monument. He said that they had looked at two options:

(1) to try to get a right of way from the Secretary of Interior with the approval of Congress to go across the monument; and

(2) to do a land exchange between Nana and the Park Service. They chose the second option. Once this is done, they would grant a right of way to AIDA, with an agreed upon fee for the use of the right of way and the materials. He said that it is against corporate policy to sell the land, and the materials cannot be given away because they are share with other regional corporations. Appraisals would be done to determine the value of the land and gravel.

Number 439

Chairman Sund asked if Nana feels that the state should pay fair market value for these things, or if not, what the cost would be.

Number 442

Mr. Argetsinger answered that Nana feels that they need to get a fair market value price, independently determined, for the right of way.

Number 449

Mr. Elder said these kinds of questions are inappropriate for the legislature to consider, since they should be between AIDA and Nana. He added that it is not without precedent to buy materials from a regional corporation.

Number 453

Chairman Sund said that the committee is trying to get an idea of what is being contemplated, and they are not inappropriate.

Number 464 Representative Duncan said that it looks to him as though the language talks about fair market value, and that Nana is talking about fair market value, so that it is not likely to end up being less.

Number 470 Mr. Elder answered that there is no reason why Nana should not be compensated for the land and the materials, but that according to the wording, it could be any amount from zero to fair market value.

Number 480 Representative Frank asked if the project cost estimate includes the cost of materials.

Number 483 Mr. Wagnon said that the costs had been broken down for the materials, but he could not say exactly what the total is.

Number 490 Chairman Sund asked for Mr. Argetsinger's comments on number 2 of the conditions, pertaining to the monument land exchange.

Number 495 Mr. Argetsinger said that Nana is optimistic that the deal will go through.

Number 498 Representative Uehling asked if the language in numbers 2 or 3 would restrict Nana in their negotiations.

Number 500 Mr. Argetsinger answered no problem.

Number 514 Representative Frank asked if the land being given up is larger or smaller than the land Nana would get in exchange, or if it is an acre for acre exchange.

Number 516 Mr. Argetsinger answered that it is almost an acre for acre exchange. Nana will give up about 900 acres more than they are getting in exchange.

Number 524 Representative Frank said that it seems inconsistent to be able to trade land but not sell it.

Number 527 Mr. Argetsinger said that Nana does not feel that a sale is necessary, because they are achieving the same purpose as if they granted title to DOT.

Number 535 Chairman Sund asked if there would be any problem with selling bonds to build a road

that will be on land not owned by AIDA.

Number 538

Mr. Wagnon answered that there would be no problem. It depends on the terms of the lease. AIDA will finance nothing unless the lease is 10 years beyond the amortization of the loan.

Number 551

Ms. Mary Nordale, Commissioner of Revenue, said that many states have built public roads on lease-hold right of ways.

Number 560

Chairman Sund asked Mr. Wagnon if he envisions the bond authorization to to more than build the road and port or if some funds will be held in abeyance for future roads.

Number 565

Mr. Wagnon said that AIDA wanted to make sure that they had other dedicated lands available because of possible additional users.

Number 575

Chairman Sund said that he thinks it is essential that the agreement regarding dedicated lands be between AIDA and Nana, but the question remains whether AIDA expects to spend additional money in that region without coming back to the Legislature.

Number 580

Mr. Wagnon said no, unless the proposed project is less than \$50 million.

Number 584

Representative Frank asked what is Nana's position regarding a proposed corridor going all the way across the state.

Number 608

Mr. Argetsinger that there has been talk about the potential to serve other claims in the area in the future.

CHANGE TAPE #21, SIDE TWO

Number 010

Chairman Sund asked Mr. Elder who the finance plan would be submitted to.

Number 013

Mr. Elder answered that it would be submitted to the Board of AIDA, the Governor, the Legislature, and the State Bond Committee, as required by AS 44.88.173.

Number 040

Chairman Sund asked about the toll schedule issue and the question of reasonable rate of

- return (item #5). What, he asked, would AIDA do with the money if the project was a great success.
- Number 050 Mr. Wagnon answered that the money would go into the Economic Development Fund, and that the tentative plan is to have an agreement between AIDA and the state for funds to flow back to the state. The bond holders will have first call on the funds, however.
- Number 070 Chairman Sund asked how the funds would get from the Economic Development Fund into the General Fund.
- Number 073 Mr. Wagnon answered that it could be a loan agreement, or it could be subject to reappropriation annually, to leave it in the fund for future projects, etc.
- Number 091 Representative Duncan asked, if the money were left in the Economic Development Fund, would AIDA then be able to use it without legislative approval.
- Number 095 Mr. Wagnon said that, within the \$50 million limit, they could authorize bonds, but that it had never occurred to him that AIDA might have cash available in large amounts to spend on other projects.
- Number 098 Representative Duncan asked if this meant the Legislature would not need to do anything to keep AIDA from spending the money.
- Number 100 Mr. Wagnon answered yes, no special action would need to be taken.
- Number 138 Representative Cotton said that the committee isn't sure what AIDA is able to do with the cash that goes into the Economic Development Fund.
- Number 145 Mr. Wagnon said that legally he thinks AIDA could build a project without legislative approval if the cost was under \$50 million, but he would need to check the statutes to be sure.
- Number 157 Chairman Sund said, under item #5, he wants to know if periodic adjustments to the toll schedule could ever result in tolls going to zero, and if so, for what reasons.

- Number 165 Mr. Wagnon said that his opinion is that the project should be treated like the Brooklyn Bridge in that when you go across you pay a certain fee. Cominco, he added, has offered other proposals. One option is to bind Cominco contractually to make minimum tolls for a set number of years, after which the toll would be adjusted. It would be up to the AIDA Board at that time to determine what the tolls would be. Conceivably, the tolls could go to zero. The more conditions that are placed on the project, he said, the worse it will look to the bond council and the greater the chance of litigation. A letter of intent would be easier to deal with.
- Number 210 Representative Duncan said that zero tolls could not be construed to be a "reasonable return to the state", so zero tolls would not be an option under the language of the amendment.
- Number 215 Mr. Elder said that, at some time in the future, tolls may drop significantly because of an increase in the number of users.
- Number 245 Chairman Sund said that the Legislature will have to make up its mind as to whether it will build the road and port as a total grant, or whether the state will expect some money back, and if so, how much.
- Number 250 Mr. Elder said that there has never been any suggestion that it be a total grant.
- Number 255 Mr. Wagnon said that Cominco has agreed to pay user fees for the road and port of \$260 million over a 30 year period. This does not include Operation and Maintenance costs, which will always be paid by the users.
- Number 271 Chairman Sund asked what authority AIDA would have to impose continuing toll fees on Cominco after they have paid back the \$260 million.
- Number 275 Mr. Elder said that AIDA has the authority to negotiate a contract with Cominco that would settle those kinds of questions.
- Number 282 Mr. Wagnon said that AS 44.88.080 gives AIDA the authority to enter into such contracts.

Number 295 Chairman Sund pointed out that there is no mechanism currently in place for the money to flow from the Economic Development Fund to anywhere else.

Number 305 Mr. Elder said that reappropriation would be a mechanism for accomplishing this.

Number 345 Mr. Wagnon said that probably the Economic Development Fund would be pledged for payment of the bonds.

Number 355 Chairman Sund said that item #6 addresses the question of who would make sure that the conditions of the agreement are being met, and assigns this job to the Budget and Audit Committee.

Number 364 Representative Duncan pointed out that the Budget and Audit Committee has limited powers, and #6 does not say what would happen after Budget and Audit gets the report.

Number 370 Mr. Wagnon said that he has problems with the word "reasonable" and what this means.

Number 407 Commissioner Nordale said that she is concerned about having the bond conditions incorporated in the authorization to issue the bonds. She suggested that Section 2 be ended at the end of the sentence (after "project") and another section be created stating that any financing plan approved by the Board of AIDA would incorporate to the extent feasible the following conditions. This would give them the leeway to deal with the ambiguities in the conditions.

Number 490 There was discussion about having bond council available to answer questions and give advice, and about Commissioner Nordale's suggestions.

Number 570 Chairman Sund said that a proposed CS for HB 105 would be prepared in time for a 3:00p.m. Thursday meeting.

Number 579 The meeting was adjourned at 5:00 p.m.

HOUSE SPECIAL COMMITTEE
ON STATE LOANS
April 18, 1985
3:00 p.m.

Members Present: Representative John Sund, Chair
Representative Jack Fuller
Representative Rick Uehling
Representative Sam Cotten
Representative Jim Duncan

COMMITTEE CALENDAR

HB 105 "An Act relating to the international
airports revenue bonds authorization; and
providing for an effective date." (With Red
Dog Amendment.)

WITNESS REGISTER

Terry Elder, Deputy Commissioner
DCED
Pouch D
Juneau, AK 99811
465-2502
Position Statement: Testified in favor of Red Dog.

Ken Vassar
Wohlforth and Flint
900 W. 5th Avenue, Suite 600
Anchorage, AK 99501
276-6401
Position Statement: Testified as Bond Council for AIDA.

Mary Nordale, Commissioner
Department of Revenue
Pouch S
Juneau, AK 99811
465-2300
Position Statement: Observer.

David Kennedy
GCO Minerals Co.
1031 W. 4th Ave. #300
Anchorage, AK 99501
274-9541
Position Statement: Testified in favor of DeLong Mountains
Transportation Project.

Brian Allen
Alaska Environmental Lobby
P.O. Box 73075

Fairbanks, AK 99707
586-2345

Position Statement: Opposed to DeLong Mountain Transportation Project.

Phil Barnett
Sierra Club Legal Defense Fund
419 6th Street, Suite 321
Juneau, AK 99801
586-2751

Position Statement: Opposed to DeLong Mountain Transportation Project.

Maureen Kennedy, Director
AKPIRG
P.O. Box 1093
Anchorage, AK 99510
278-3661

Position Statement: Posed questions regarding Red Dog.

Don Argetsinger
Nana Regional Corporation
4706 Harding Drive
Anchorage, AK 99501
248-3030

Position Statement: Testified in favor of Red Dog.

PREVIOUS ACTION

HB 105: Read the first time 01/23/85 with Governor's Transmittal Letter and referred to TRSP Rpt 3DP 1NR, Loans Referral added on 04/10/85, State Loans, Finance and Rules; fiscal note with analysis in Supplement #7. Previous hearings regarding Red Dog Mine by Loans Committee 2/8/85 (joint with Resources), 3/26/85 and 3/27/85. HB 105 with Red Dog testimony heard by House Loans Committee on 4/16/85.

ACTION NARRATIVE

TAPE # 22, Side One
Recording
Number 001

The meeting was called to order by Chairman Sund at 3:12 p.m. Members present included Representative Sund, Representative Cotten, and Representative Fuller. Representative Uehling arrive at 3:35. Representative Duncan arrive at 3:44. Chairman Sund explained that CSHB 105 (Loans) adds three sections to the bill: Sec. 2 authorizes

AIDA to sell \$175 million in bonds to finance the DeLong Mountain Transportation Project; Sec. 3 lists the conditions that must first be met before the bonds are issued; and Sec. 4 requires AIDA to report annually to the Legislative Budget and Audit Committee, and to turn over to the Department of Revenue any toll money received in excess of what is required to pay off the bonds. This money would be deposited in the General Fund.

Number 107

Mr. Terry Elder, Deputy Commissioner for DCED, commended the committee for the work done on the CS. He said it would accomplish the goals laid out in the last meeting and also allow for work to proceed on the project. He said that he was pleased with the CS and supportive of it.

Number 140

Representative Cotten asked if Mr. Elder's view was also the position of the Administration.

Number 141

Mr. Elder answered yes, it is the Administration's position.

Number 142

Representative Cotten asked why the Administration did not introduce a bill that would allow the issue to be considered separately from the Anchorage Airport Bonds.

Number 145

Mr. Elder said that he did not know why.

Number 149

Mr. Ken Vassar of Wohlforth and Flint, Bond Council for AIDA, said that with respect to the Red Dog Project, AIDA has been retained by Cominco. For this reason, AIDA has retained the services of an independent bond council for the DeLong Mountain Transportation Project. He said that he would discuss the effects of this legislation on bond issuance and the ability of AIDA to issue bonds under the conditions outlined in the CS. He said that it appears to be a good bill with conditions that can be met without hindering or unnecessarily obstructing the issuance of the bonds.

Number 190

Chairman Sund asked Mr. Vassar what AIDA's bonding history is, and what do they call their bonds.

Number 195

Mr. Vassar responded that the term "revenue

bonds" refers to bonds where the debt service payments are secured solely by the revenue of the project being financed. Some of AIDA's bonds are secured in this way, but they also issue general obligation bonds of the Authority, in which case the bond holders also have the right to look to certain other assets for security for the bonds.

- Number 225 Chairman Sund asked, if the project goes ahead and bonds are sold, will any other of AIDA's assets be exposed.
- Number 230 Mr. Vassar answered that it would depend on how the project is put together. Typically, he added, AIDA pledges a particular fund.
- Number 238 Representative Cotten asked Mr. Elder what his intention is as far as what might be negotiated.
- Number 240 Mr. Elder said that they do not want to be restricted to Revenue bonds, but that it is the intention to pledge only the Economic Development Fund, its assets and cash flow.
- Number 250 Representative Cotten asked if there would be any difficulty for a bond sale if the legislature were to limit the ability of AIDA to pledge only the Economic Development Fund and the revenues from the project.
- Number 260 Mr. Vassar answered that the effect would be to limit the way that the transaction could be structured and so would limit AIDA's flexibility to put together a deal that would be optimally satisfactory in the marketplace.
- Number 270 Mr. Elder said that AS 44.88.172 (b) says that if a project is financed or developed through use of the assets of the Economic Development Fund, the Authority may not pledge or use other assets of the Authority to assist in the financing, development or operation of the project.
- Number 285 Representative Cotten asked if it was yet known how much the Legislature would be asked to put into the Economic Development Fund.
- Number 290 Mr. Elder answered that letters to Senator

Sturgulewski outline what the Legislature has been asked to do. This includes the appropriation of loans (\$130 million) from the Department of Revenue, roughly \$3 million that AIDA already has, and the authority to utilize funds already within AIDA for the project. This would include funds that are currently in multi-family housing programs that are in excess of the needs of that program (about \$12 million.)

Number 300

Representative Cotten commented that this is money that would otherwise be available to the Legislature for reappropriation. He then added up the numbers, including \$18 million in revenue that would be produced from these loans in FY 86, for a total of \$33 million for FY 86 that would otherwise be available to the Legislature.

Number 310

Mr. Elder confirmed that this would be the total and noted that the \$3 million and the \$12 million would be available only for reappropriation.

Number 315

Representative Cotten asked Mr. Elder if the revenues from the loans would stay in the Economic Development Fund until they exceed the debt service requirement.

Number 320

Mr. Elder said yes, this would be the case.

Number 328

Chairman Sund asked Mr. Milt Barker, Deputy Commissioner of Treasury for the Department of Revenue, if anything being done by the committee with respect to this issue would affect the general obligating authority of ability of the state.

Number 328

Mr. Barker answered that there would be no direct effect. General Obligation Bonds are secured and paid by General Fund appropriations, whereas these bonds are secured by project revenues and the Economic Development Fund. Therefore, these will not be counted toward the State's outstanding debt. However, if the project is a success, it would increase the state's debt capacity. If the project were a failure and the state agreed to pick up the tab, which it is in no way obligated to do, then the state's debt capacity would be affected.

Number 364

Representative Cotten asked Mr. Vassar how

big the Economic Development Fund would have to be before money could be returned to the General Fund.

Number 379

Mr. Vassar answered that it is typical to have one year's average annual debt service in a fund like the Economic Development Fund. It is also typical that 15% of the principle amount of the bonds is considered a ceiling for what is reasonably required to be in such a fund.

Number 420

Mr. Brian Allen, volunteer for the Alaska Environmental Lobby, said that there were no public hearings on Red Dog during the 1984 session. He said that the Red Dog issue is important to the Environmental Lobby for four reasons:

- (1) because it affects natural resource conservation and development;
- (2) the development of the mine and transportation corridor should be sensible and environmentally responsible;
- (3) state subsidies are huge, and the state is going into the mining business with very little public debate or approval; and
- (4) the state should be cautious in giving so much power to AIDA. He also said that the Environmental Lobby is concerned about the health of the workers who may be mining the lead, and about the fact that the state will be making cash contributions to help the project along. The level of the subsidy, he said, depends on the tolls that will be paid by Cominco, and these have not yet been set. The longer the interval without toll payments from Cominco, the greater the state contribution to the project. He concluded by urging the State to wait until all the facts are in (i.e. the finance plan.)

Number 532

Mr. Phil Barnett, attorney for the Sierra Club Legal Defense Fund, testified that the legislation appears to be unconstitutional, because it would be committing future revenues to a certain project. This loan package, he said, does not fall into any category that has been used as an exception to the dedicated funds provision. The

method which the state is choosing to subsidize the project creates a constitutional problem.

Number 563 Representative Uehling asked Mr. Barnett how this project differs from other loan funds that have been dedicated.

Number 570 Mr. Barnett responded that those other loan funds were dedicated to be used for their original purpose (i.e. a revolving loan fund.) These loans, however, were set up to generate revenues for the state and also to accomplish whatever purposes underlie the original legislation.

Number 581 Representative Uehling said that he does not see how this is any different.

Number 588 Chairman Sund said that there are loan funds that revolve with the principle, some with the principle and interest, and some that don't revolve at all. None of the loan funds being considered for transfer from the Department of Revenue are revolving.

Number 595 Mr. Barnett responded that this project shows the soundness of the prohibition of dedicated funds, that it is unclear what the amount of the subsidy is, and that the legislature should get an idea of what the subsidy is. Also, they should know if the bonds are tax-exempt or taxable, and what kind of agreement for repayment there will be with AIDA.

Number 600 Chairman Sund asked Mr. Barnett if he saw any problem with the legislature making a direct appropriation to help finance the project.

Number 605 Mr. Barnett responded that he saw no constitutional problem regarding dedicated funds with that approach. He added that he would urge the Legislature to approach the project like an investment, by making a direct appropriation and then charging tolls.

Number 612 Representative Cotten expressed surprise that the Sierra Club is approaching the question of this project from a constitutional perspective, rather than environmental. He asked if the Sierra Club

is opposed to the mine or to the road.

Number 620

Mr. Barnett said that he was acting on behalf of the Environmental Lobby in reviewing the legislation. However, the Alaska Chapter of the Sierra Club is opposed to the location of the road corridor, i.e. through a national monument.

Number 625

Representative Cotten said that he had asked the question out of curiosity, with all due respect for the fact that Mr. Barnett had every right to testify in whatever way he chose.

Number 630

Representative Uehling asked Mr. Barnett if he had any objection to the language on page two regarding the National Monument.

Number 635

Mr. Barnett responded that the Sierra Club is opposed to the road going through the monument, but that he saw no legal problem with the language.

Number 649

Representative Cotten moved to adopt CSHB 105 (Loans), dated April 18, 1985. There were no objections and the CS was adopted.

Number 655

Representative Cotten then moved to delete the phrase "to the extent feasible" from page 2, line 1.

CHANGE TAPE #22, SIDE TWO

Number 001

Representative Duncan said that he would support the amendment with the understanding that the Finance Committee would have a chance to look at it.

Number 010

chairman Sund said that he would feel more comfortable if the language were deleted, then there would be an opportunity to see what the ramifications of this would be before the Finance Committee hearing. There were no objections, and the motion passed.

Number 068

Mr. David Kennedy, geologist for GCO Minerals, testified in favor of the DeLong Mountain Transportation Project, since GCO Minerals Co. and Noranda have the lick deposit about 12 miles N.W. of Red Dog. He said that there is need for a specific access guarantees for future users.

Number 145

Ms. Maureen Kennedy, Director of Alaska Public Interest Research Group (AKPIRG), said that AKPIRG is supportive of the Red Dog Mine itself, and believes that state participation is appropriate to get the project over the hump of marginal economics in the beginning. However, she said, there are many questions left unanswered, and that state involvement in the project is premature because of the uncertainties, such as the lack of a finance plan. She said that, although the Department of Revenue says that they anticipate the revenues coming from the loan portfolio will be about \$18 million this year. However, the Governor's budget indicates a \$31 million figure. AKPIRG's specific suggestions, she added, include the Legislature requiring Nana to make the land for the road available at no cost. The precise amount of the subsidy should also be quantified, and the combined users should be required to reimburse the state at the market rate of interest plus principle. She concluded by saying that, if the project is delayed and the "window of opportunity" is missed, then the state should be able to revoke the bond authorization. She suggested that the bond authorization automatically lapse after a certain date if bonds have not yet been issued, after which the Legislature can reconsider the issue.

Number 316

Representative Cotten said that Mr. Elder said that the total cost to the state this year would be \$33 million.

Number 320

Ms. Kennedy responded that she believed the figure should be \$46 million, to reflect \$31 million in revenues from the loan programs.

Number 352

Chairman Sund pointed out that the \$12 million from multi-family housing is already in AIDA and not in the General Fund. He went on to say that, regarding the cost of the land for the road corridor, the language saying "no more than fair market value" allows Nana to discuss the issue of what they want to charge for the lease of the land. He also said that he is not supportive of an arbitrary deadline, but that a mechanism for doing that is already built in, since bonds cannot be sold until the finance plan is completed.

Number 370

Representative Cotten moved to report out CSHB 105 (Loans), as amended, with individual recommendations. The motion passed with no objections.

Number 385

The meeting was adjourned at 4:35 p.m.

HOUSE SPECIAL COMMITTEE ON LOANS
Joint meeting with House Resources Committee
February 8, 1985
8:30 a.m.

Members Present:

Loans: Representative John Sund, Chair
Representative Rick Uehling
Representative Jack Fuller

Resources: Representative Dick Shultz, co-chair
Representative Kay Wallis
Representative Dave Thompson
Representative Mike W. Miller
Representative Bette Cato
Representative Drue Pearce
Representative Roger Jenkins

Members Absent:

Loans: Representative Sam Cotten
Representative Jim Duncan

Resources: Representative Adelheid Herrmann

Also Present: Representative Steve Rieger
Representative Randy Phillips
Representative Steve Frank

COMMITTEE CALENDAR

Red Dog Mine: Cominco and Alaska Industrial Development Authority presentations.

WITNESS REGISTER

Bert Wagon, Executive Director
Alaska Industrial Development Authority
1577 "C" Street, Suite 304
Anchorage, AK 99501
274-1651

Position Statement: Testified in favor of DeLong Mountains Transportation Project.

Hank Giegerich, President and General Manager
Cominco Alaska, Inc.
5660 "B" Street
Anchorage, AK 99502
563-3686

Position Statement: Testified in favor of Red Dog mine.

Bill Wilson, President
Cominco, Ltd.
Suite 2300

200 Granville St.
Vancouver, B.C. V6C2R2
No phone given
Position Statement: Testified in favor of Red Dog.

John Schaeffer, President
Nana Regional Corporation
4706 Harding Drive
Anchorage, AK
248-3030
Position Statement: Testified in favor of Red Dog

David S. Kennedy, Senior Geologist
GCO Minerals Co.
1031 W. 4th Ave.
Anchorage, AK
274-9541
Position Statement: Observer

Geoffrey Snow, President
Noranda Exploration, Inc.
139 E. 51st Ave.
Anchorage, AK
561-1036
Position Statement: Observer

ACTION NARRATIVE

Tape #5
Side 1
Recording
Number 001 Chairman Sund called the meeting to order at 8:35 a.m. Members present were Representatives Thompson, Jenkins, M.W. Miller, Cato, Shultz, Sund and Pearce. Representative Wallis arrived at 8:35, Representatives Uehling and Fuller arrived at 8:47. Chairman Sund introduced Bert Wagnon, Executive Director of AIDA.

Number 020 Mr. Wagnon testified on behalf of AIDA in favor of the DeLong Mountains Transportation Project, including a port and a 55 mile long road in Western DeLong Mountains area near Kevalina. Estimated costs are \$65 million for the port and \$85 million for the road. Proposed mineral development in the region includes Red Dog Mine. He added that the entire region is heavily mineralized with good potential for future development. AIDA is proposing to construct the transportation project and then charge user fees to all users. Initially, Cominco would be the only significant user. Mr. Wagnon said that the \$150 million to build the project can come from tax exempt revenue bonds, loans to AIDA and possibly state grants. So far the \$3.4 million appropriation to AIDA by the legislature in 1984 has been used to pay for financial plan costs, engineering services, and miscellaneous AIDA expenses. An additional \$18 million state loan is in the governor's FY 86 budget request. Mr. Wagnon justified the project on the grounds that it would bring jobs, tax revenues and increase economic stability to Alaska. He added that there has been a resolution of intent