

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86/2

262 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

TYPE OF LOAN		SMALL BUSINESS		YEAR 1974				
NAME	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
BETHEL DRILLING & WELDING SERVICE, INC.	Working capital	Bethel	10-19-73	Dec. 14, 1973	40,000	40,000		
						YEAR 1975		
BUSHMASTER AIR ALASKA, INC.	Aircraft and consolidate	Bethel	12-26-74	Feb. 7, 1975	41,146	41,000		
MUTE, ISAAC	Purchase cars for business	Bethel	4-3-75	May 7, 1975	10,000		10,000	Collateral unacceptable
CALISTA CORP.	Purchase boat engine	Bethel	5-1-75	May 23, 1975	2,000	2,000		

TYPE OF LOAN

SMALL BUSINESS

YEAR 1976

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
LUKUDAK, LAMBERT E.	To expand community theatre business	Emmonak	12-9-75	Jan. 6, 1976	10,000	10,000		

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SMALL BUSINESS
TYPE OF LOAN

YEAR 1973

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
BETTLES LIGHT & POWER, INC.	Expand an existing State Certificate	Bettles	12-26-72	April 17, 1973	60,000		60,000	Too Speculative
YEAR <u>1974</u>								
MCHENRY, JOE	To finance a mill at Caribou Creek	Nenana	3-13-74	April 29, 1974	15,000	15,000		
BRAGG, BARNELL	Purchase equipment and material	Delta Junction	3-6-74	April 29, 1974	10,000	10,000		
YEAR <u>1975</u>								
WILSON, ALAN	Working capital	Nenana	1-10-75	Feb. 21, 1975	100,000		100,000	Business could not service debt.

TYPE OF LOAN SMALL BUSINESS

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ACKISS, WILLIAM	Purchase furniture & fixtures and existing inventory	Fairbanks	1-23-73	March 7, 1973	60,000	60,000		
YEAR <u>1974</u>								
CRAIGEN & MILLER d/b/a CIRCLE M LOUNGE	Working capital	Fairbanks	8-6-73	Aug. 14, 1973	49,000		49,000	Insufficient Collateral
CRAIGEN & MILLER	Working capital	Fairbanks	10-24-73	Oct. 30, 1973	49,000		49,000	Debt Servicing
HILL, COY	Working capital	Fairbanks	11-30-73	Jan. 14, 1974	60,000		56,000	Insufficient Collateral
FRANKLIN, TERRY d/b/a POLARIS LOUNGE	To build and furnish new bar adjacent to present location of bar	Fairbanks	11-2-73	Jan. 4, 1974	35,000	30,000		
STURGEON, SHELTON d/b/a STURGEON TRANSPORTATION COMPANY	Purchase additional equipment needed to expand	Fairbanks	2-1-74	March 12, 1974	60,000	60,000		
CRAIGEN & MILLER	To rebuild business destroyed by fire	Fairbanks	8-3-73	March 12, 1974	49,000	49,000		
SMALLEY, JACK	Purchase tow permit and purchase of 4 new tow trucks	Fairbanks	2-11-74	April 29, 1974	60,000	60,000		
SWENSON TRUCKING AND EXCAVATING, INC.	Equipment and Expenses	Fairbanks	4-4-74	May 13, 1974	60,000		60,000	Not sufficient to put business stable

TYPE OF LOAN SMALL BUSINESS

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ARCTIC VILLAGE	Construction	Fairbanks	4-22-74	Aug. 29, 1974	40,000		40,000	Unable to meet debt servicing
ARCTIC VILLAGE (Gary Atwood & Robert Morton)	Construction	Fairbanks	8-7-74	Sept. 5, 1974	100,000	100,000		
RASMUSSEN, JOHN	Equipment	Fairbanks	6-20-74	Sept. 9, 1974	40,000		40,000	More Information
SCHRUF, JOSEF	Construction and equipment	Fairbanks	8-30-74	Oct. 4, 1974	75,000	75,000		
O'BRIEN, JACK	Construction and payoff mortgage	Fairbanks	9-16-74	Oct. 4, 1974	100,000	100,000		
RASMUSSEN, JOHN	Equipment	Fairbanks	6-20-74	Oct. 23, 1974	40,000	29,500		
KOBUK OIL CO., INC.	Remodel and construct	Faibanks	11-18-74	Dec. 2, 1974	100,000	100,000		
TURNER, JAMES	Purchase drilling equipment	Fairbanks	1-2-75	March 14, 1975	100,000	100,000		

HOUSE DISTRICT 20YEAR 1976TYPE OF LOAN SMALL BUSINESS

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
WINDRUM, FRED & ANN	Service station and car wash	Fairbanks	6-26-75	July 23, 1975	100,000	100,000		
CRAIGEN & MILLER	Circle Lounge	Fairbanks	5-19-75	Jan. 6, 1976	49,000	49,000		
BENSON, CLIFFORD	Sole owner of corporation	Fairbanks	9-12-75	Jan. 6, 1976	38,000	60,000		
TAKU DEVELOPMENT (James Lundgren)	Purchase tow permit and tow trucks and equipment	Fairbanks	2-11-76	Feb. 25, 1976	60,000	60,000		
GRIFFIN, FRANK	Purchase of research vessel	Fairbanks	10-27-75	March 22, 1976	63,000	63,000		
WINDRUM, FRED (MR. & MRS.) (NORTH STAR TERMINALS)	Service Stations (3) and car wash	Fairbanks	6-26-76 5	June 4, 1976	100,000	100,000		(Changed Commitment to Participation)
YEAR <u>1977</u>								
DAVIDSON, LYNN M.	Property	Fairbanks	6-18-76	July 21, 1976	73,000	54,000		
ALASKA TENT & TARP	Construct additional building	Fairbanks	1-25-76	Aug. 6, 1976	100,000	100,000		
INSULATION ENGINEERING INC.	Shop, office and manufacturing	Fairbanks	7-19-76	Aug. 27, 1976	80,000	70,000		
TATE, RICHARD M.	Construct new shop and office building	Fairbanks	6-28-76	Sept. 29, 1976	100,000	100,000		
WILKEN, GARY	Purchase D.H. Distributors, Inc.	Fairbanks	8-25-76	Oct. 8, 1976	92,700	92,700		

TYPE OF LOAN SMALL BUSINESS

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RAMISKEY, THOMAS	Charter fishing business	Fairbanks	11-29-76	Dec. 14, 1976	96,000	90,000		
ADAMS, CHARLES R.	Finish construction of 10 bay garage	North Pole	11-18-76	Jan. 4, 1977	100,000	100,000		
BRITTAIN, GARY	Truck services, completion of building and operating capital	Fairbanks	12-15-76	Jan. 18, 1977	100,00		100,000	Could not service debt
SWENSON TRUCKING & EXCAVATING	Working capital and payables	Fairbanks	11-22-76	Feb. 3, 1977	46,500	46,500		
ROLLE, JAMES W.	Capital	Fairbanks	4-3-77	April 5, 1977	46,750		46,750	Insufficient Collateral
WIINDRUM, ANN d/b/a NORTH STAR TRUCK STOP	Service Station	Fairbanks	6-26-76	April 19, 1977	100,000	100,000		
SCARBOROUGH, THOMAS N.	Equipment	Fairbanks	4-8-77	April 28, 1977	23,000	23,000		
O'BRIEN, JACK	Inventory and construction	Fairbanks	9-16-74	May 10, 1977	100,000	100,000		(Release of 40 acres of land approved collateral)
WASSER, LIE E. JR.	New business	Fairbanks	4-28-77	May 31, 1977	45,000	35,000		
SIDERAKES, JOHN	Improve and addition	Fairbanks	3-21-77	June 14, 1977	200,000	100,000		

YEAR 1976

TYPE OF LOAN

SMALL BUSINESS

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
NORDHIM, ROGER W.	Purchase furniture store	Kotzebue	3-26-76	April 22, 1976	75,000	20,000		

1975
YEAR _____

TYPE OF LOAN

SMALL BUSINESS

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
LARSON, TIMBERS & VAN WINKLE	Purchase office building	Nome	5-8-75	June 27, 1975	20,000	20,000		

YEAR 1977

L & S RENTALS	Construction	Nome	3-25-77	June 16, 1977	300,000	100,000		
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TYPE OF LOAN

SMALL BUSINESS

YEAR 1977

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URION, KATHY	Inventory	Seattle	4-20-77	May 4, 1977	23,625	23,000		

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

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AS A UNIT IN THE ORIGINAL DOCUMENT.

HOUSE DISTRICT

1YEAR 1974

TYPE OF LOAN

TOURISM

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
WALTERS, ELSIE	Add 34 rooms restaurant & bar	Kecchikan	9-13-73	Oct. 30, 1973	782,000		782,000	Age was handicap
HILLTOP MOTEL, INC.	Construction	Ketchikan	12-10-73	Jan. 14, 1974	782,000	625,600		
CREEK STREET ENTERPRISES, INC.	Building	Ketchikan	3-11-74	May 6, 1974	134,000		134,000	Conflicted with Tourism program

YEAR 1975

CREEK STREET ENTERPRISES, INC.	Building	Ketchikan	9-13-74	Oct. 4, 1974	170,545	126,000		
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HOUSE DISTRICT 2YEAR 1974TYPE OF LOAN TOURISM

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
SEE, FRANK	Construction	Hoonah	9-20-73	April 18, 1974	150,000	150,000		

YEAR 1977

OLSON, RICHARD & DOTTIE	Hotel	Wrangell	9-9-76	Oct. 21, 1976	149,000	145,000		
HUNA TOTEM CORPORATION	Building motel restaurant	Hoonah	2-13-74	Oct. 21, 1976	150,000	150,000		

HOUSE DISTRICT 3YEAR 1973

TYPE OF LOAN

TOURISM

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MORK, WILLIAM	Payoff note	Pelican	11-10-72	December 28, 1972	2,000	2,000		

YEAR 1975

POTLACH MOTEL	25 more units	Sitka	4-14-75	May 21, 1975	240,000	150,000		
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YEAR 1977

SITKA HOTEL ASSOCIATES	Hotel-restaurant	Sitka	2-10-77	June 16, 1977	1,000,000	1,600,000		
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YEAR 1973

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NAME	PURPOSE OF LOAN	LOCATION	DATE REC'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
MCNABB, E. L. (BUSTER)	Construction Hotel	Juneau	11-20-72	Dec. 1, 1972	1,000,000	1,000,000		
BARANOF HOTEL, INC.	Construction	Juneau	12-7-72	Mar. 7, 1973	1,250,000	1,000,000		
BURNS, ROBERT O. d/b/a/ KLONDIKE SAFARIS	Payoff and purchases of equipment	Juneau	4-23-73	May 31, 1973	55,890	24,000		

YEAR 1974

PETER'S BROTHERS, ALASKA	Mining operation	Juneau	9-28-73	Oct. 10, 1973	1,000,000		1,000,000	Not eligible for loan from fund
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YEAR 1975

FRANK ORICK & ASSOCIATES (HENRY CAMEROT & FRANK ORICK)	Construction restaurant	Juneau	6-17-74	July 12, 1974	600,000	600,000		
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YEAR 1976

SHOCKLEY-SIDWELL	Boat charters	Juneau	1-12-76	Feb. 11, 1976	214,500	171,600		
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YEAR 1973

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SMITH, E. LEROY d/b/a/ SMITTY' GATEWAY LODGE	Pay off Construction financing	Glennallen	3-18-73	May 8, 1973	49,500		49,500	Does Not Qualify for Loan

YEAR 1974

OUR POINT OF VIEW LODGE, INC.	Const., remodel capital, equipment	Cooper Landing	4-1-74	May 29, 1974	95,000		95,000	Can't meet debt servicing
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YEAR 1975

B & E ENTERPRISES, INC.	"Boatel"	Valdez	6-21-74	Aug. 28, 1974	1,250,000		1,250,000	Insuf- ficient security
B & E ENTERPRISES, INC. (Charles W. Ellis)	"Boatel"	Valdez	6-21-74	Nov. 25, 1974	1,250,000	1,000,000		

YEAR 1976

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AHTNA	Motel	Copper Center	7-11-75	August 8, 1975	874,725	755,000			
SMITH, JOHN	Motel	Seward	11-24-75	Jan. 6, 1976	218,400	273,000			

YEAR 1977

		AHTNA, INC.	Const. motel, restaurant and bar	Glennallen	7-11-75	July 9, 1976	874,725	145,000	(Addition to 755,000 already loaned)	
		AHTNA INC.	Building	Copper Center	7-11-75	Aug. 27, 1976	874,725	874,725	Financial evaluation not current	

TYPE OF LOAN

TOURISM

YEAR 1974

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
BURRO, WILBERT	Improvements	Willow	3-6-74	May 29, 1974	149,500	149,500		
BURRO, WILBERT	Motel	Willow	3-6-74	May 29, 1974	149,500	149,500		

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NAME	PURPOSE OF LOAN	LOCATION	DATE REC'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
LONGORIA, JULIAN	Construction	Anchorage	8-30-72	Jan. 30, 1973	235,200	231,127.80		
SHEPHERD, ED R. d/b/a/ TRADER ED'S CRUISES	Vessel	Anchorage	1-1-73	March 7, 1973	58,000		58,000	Terms not accepted
SHEPHERD, ED R. d/b/a/ TRADER ED'S CRUISES	Vessel	Anchorage	1-1-73	March 24, 1973	58,000	52,200		
YEAR 1974								
KENDALL, BRUCE B.	Purchase motel (Kobuk)	Anchorage	6-25-73	July 30, 1973	750,000	750,000		
FAR NORTH DEVELOPMENT CORP.	Const. banquet house	Anchorage	8-9-73	Aug. 14, 1973	750,000		750,000	Not with intent of program
FAR NORTH DEVELOPMENT CORP.	Const. banquet house	Anchorage	8-9-73	Sept. 18, 1973	700,000		700,000	Can't meet debt servicing
MCCUNE, ALICE	Expanding	Anchorage	10-22-73	Oct. 30, 1973	49,500		49,500	Insufficient collateral
HENDERSON, NORMAN L. ARCTIC AUTO RENTAL, INC.	Expansion	Anchorage	1-14-74	Jan. 31, 1974	75,000		75,000	Insufficient collateral
ATZ TRAVEL, INC.	Develop tourism business	Anchorage	12-20-72	Feb. 8, 1974	195,000		100,000	Can't meet debt servicing

TYPE OF LOAN TOURISM

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GARTIN, CECIL L. JR.	Build addition to the original Brown Bear Lodge	Anchorage	3-11-76	Mar. 22, 1976	141,000		141,000	Can't meet debt servicing

YEAR 1977

GROSECLOSE, LINTON, HUGGINS	Build hotel	Anchorage	8-24-76	Sept. 10, 1976	3,450,000	1,000,000		
CALISTA CORPORATION	Building hotel	Anchorage	9-23-76	Oct. 21, 1976	1,000,000	1,000,000		
LARRY BECK & ASSOCIATES	Improving Alaska Show	Anchorage	3-3-77	May 4, 1977	120,000		120,000	Can't Meet Debt Servicing
LARRY BECK & ASSOCIATES	Improving Alaska Show	Anchorage	3-3-77	May 10, 1977	90,000	90,000		
LARRY BECK & ASSOCIATES	Improve Alaska Show	Anchorage	3-3-77	June 7, 1977	120,750	113,000		

HOUSE DISTRICT 13YEAR 1974TYPE OF LOAN TOURISM

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
MAYO, HARRY d/b/a/ RIVERSIDE CAMPGROUND	Expanding	Soldotna	6-4-73	July 18, 1973	35,000		35,000	Questioned ability to serve debt
DICSON, INC. (GARNER-BREWSTER)	Construction	Kenai	6-1-73	July 18, 1973	142,713		142,713	Lack of experience
EGAN, EMMETT d/b/a/ PINES MOTEL & BAR	Construction	Kenai	1-31-74	April 9, 1974	149,440		149,440	Not eli- gible for loan from fund

YEAR 1975

BECKER, DAVID L. d/b/a/ HEADY HOTEL	20-room addition	Homer	4-7-75	June 10, 1975	149,950	160,000		
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YEAR 1976

NORTH SAIL ADVENTURES INC.	Financing	Homer	5-3-76	June 4, 1976	90,000		90,000	Can't meet debt servicing
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HOUSE DISTRICT 13YEAR 1977

TYPE OF LOAN

TOURISM

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BECKER, DAVE d/b/a/ HEADY HOTEL	Addition to Hotel	Homer	4-7-75	July 9, 1976	149,950		32,000	(Addition to 160,000 already loaned)

TYPE OF LOAN TOURISM

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GARRY, JOHN B. d/b/a BRISTOL BAY LODGE	Construction & mortgage payoff	Dillingham	8-2-73	Oct. 10, 1973	130,000	105,000		

GARRY, JOHN B. d/b/a/ BRISTOL BAY LODGE	Improve property	Dillingham	3-19-75	Mar. 27, 1975	130,000	149,950		
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YEAR 1975

HOUSE DISTRICT 17
 TYPE OF LOAN TOURISM

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
BETHEL DEVELOPMENT CORP.	Const. hotel & restaurant	Bethel	1-20-75	June 3, 1975	1,000,000	1,000,000		

TYPE OF LOAN			TOURISM		YEAR 1973				
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COLRUD, GERALD d/b/a/ KOA KAMPGROUND	Campground	Healey	5-2-72	Sept. 13, 1972	115,000	78,000			
COLRUD, GERALD d/b/a/ KOA KAMPGROUND	Campground	Healey	5-2-72	Nov: 16, 1972	37,000	37,000			

YEAR 1973

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NAME	PURPOSE OF LOAN	LOCATION	DATE RECV'D	DATE ACTION TAKEN	AMOUNT REQUESTED	AMOUNT APPROVED	AMOUNT DISAPPROVED	REASON DISAPPROVED
SOURDOUGH TOURS, INC.	Pay off	Fairbanks	11-16-72	Dec. 28, 1972	80,000	80,000		
GAUDIANE, DANIEL d/b/a/ CHENA VIEW HOTEL, INC.	Construction	Fairbanks	4-10-73	May 2, 1973	400,000		400,000	Financial structure

YEAR 1974

FANNING, KENNETH JAMES	Equipment	Fairbanks	5-3-73	July 18, 1973	12,000		12,000	Inadequate collateral
FAIRBANKS MOTEL INVESTMENT CORPORATION	Construction	Fairbanks	6-16-73	July 25, 1973	1,000,000	1,000,000		Commitment expired
ALASKA LODGE, INC.	Construction	Fairbanks	5-15-73	July 25, 1973	1,000,000		1,000,000	Appraised value questioned
FAIRBANKS MOTEL INVESTMENT CORPORATION	Construction	Fairbanks	2-14-74	March 1, 1974	1,000,000	1,000,000		Commitment expired

YEAR 1975

NORTH STAR DEVELOPERS INC.	Build motel	North Pole	4-18-75	May 23, 1975	717,750	574,000		
NORTH STAR DEVELOPERS INC.	Build motel	North Pole	4-18-75	May 23, 1975	717,750	574,000		

HOUSE DISTRICT 20YEAR 1976TYPE OF LOAN TOURISM

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
FAIRBANKS MOTEL CORP. (Don Gilbert)	Add to existing motel	Fairbanks	2-14-74	Sept. 22, 1975	244,000	244,000 (reinstatement)		

YEAR 1977

STEPHENS, STANLEY	Expand marine boat charter	Fairbanks	2-15-77	May 17, 1977	149,900		149,900	can't meet debt service
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TYPE OF LOAN

TOURISM

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
NUL-LUK-VEK	Hotel	Kotzebue	11-19-75	Oct. 3, 1975	1,000,000	1,000,000		

HOUSE DISTRICT

SEATTLE

YEAR 1974

TYPE OF LOAN

TOURISM

<u>NAME</u>	<u>PURPOSE OF LOAN</u>	<u>LOCATION</u>	<u>DATE RECV'D</u>	<u>DATE ACTION TAKEN</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT APPROVED</u>	<u>AMOUNT DISAPPROVED</u>	<u>REASON DISAPPROVED</u>
ALASKA TOUR & MARKETING SERVICES, INC.	Vehicles & equipment	Seattle	1-29-74	Mar. 12, 1974	85,000	85,000		

YEAR 1977

ALASKA TOUR & MARKETING	Busses, land & build	Seattle	4-29-77	May 10, 1977	311,040	311,000		
ALASKA TOUR & MARKETING	Busses, Land & Building	Seattle	4-29-77	June 16, 1977	311,040	136,000		

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

[illegible]

Commercial Fishing

Small Business

Tourism

District	Granted	#	Denied	#	Granted	#	Denied	#	Granted	#	Denied	#
1	\$ 1,133,039	29	\$ 468,100	11	\$ 1,164,350	16	\$ 295,000	5	\$ 751,600	2	\$ 916,000	2
2	1,611,968	40	655,017	15	265,000	3	63,500	3	345,000	3		
3	1,250,261	27	36,000	2	886,000	16	141,000	6	1,752,000	3		
4	2,059,532	57	1,074,750	24	3,389,050	58	1,173,500	25	2,795,600	5	1,000,000	1
5	2,792,845	60	564,877	19	298,000	7	232,000	4	2,028,000	3	2,414,225	4
6					253,400	5	100,000	1	199,000	2		
7-12	732,000	18	417,745	8	3,952,060	54	2,333,448	46	6,071,327	11	2,226,500	11
13	4,873,618	50	296,400	11	2,261,718	34	1,749,500	21	160,000	1	449,153	5
14	2,072,750	29	265,100	6	326,500	8	105,000	3				
15	674,175	14	82,500	1	100,000	1	57,000	1				
16	100,900	4	45,000	3	75,000	1	100,000	1	254,950	2		
17					83,000	3	10,000	1	1,000,000	1		
18					10,000	1						
19					25,000	3	160,000	2	115,000	2	185,000	3
20	11,250	1	46,000	1	2,206,700	30	440,750	8	3,472,000	6	1,561,900	4
21					20,000	1			1,000,000	1		
22					120,000	2						
Seattle			98,147	1	23,000	1			532,000	3		
TOTAL	\$ 17,312,068	329	\$ 4,049,636	102	\$ 15,458,778	244	\$ 6,960,698	127	\$ 20,476,447	45	\$ 8,752,778	30

Fisheries Enhancement				Child Care				Water Resources			
District	Granted	#	Denied	#	Granted	#	Denied	#	Granted	#	Denied
1									\$ 420,000	1	
2	\$ 15,000	1							1,210,000	2	
5	1,600,000	3									
7-12					\$ 14,250	2	\$ 20,000	2			
14									420,000	1	
TOTAL	\$1,615,000	4			\$ 14,250	2	\$ 20,000	2	\$ 2,050,000	4	

628 loans approved totalling \$ 56,926,543

261 loans denied totalling 19,783,112

889 total loan applicants \$ 76,709,655 total dollars requested*

* This figure is a rough estimate as some individuals actually requested a greater or lesser amount than was granted. All the above data was received from the Division of Loans, Department of Commerce and Economic Development on September 28, 1977.

COMMERCIAL FISHING

DISTRICT	YEAR	APPROVED	DISAPPROVED
1	1973	7,000	-
	1974	22,500	95,000
	1975	286,864	-
	1976	338,175	218,100
	1977	478,500	155,000
2	1974	305,600	72,212
	1975	450,800	178,000
	1976	260,500	186,600
	1977	594,798	218,205
3	1973	95,000	-
	1974	323,461	14,000
	1975	131,800	-
	1976	-	-
	1977	700,000	22,000
4	1974	199,000	30,000
	1975	265,000	379,250
	1976	459,950	432,000
	1977	1,135,582	233,500
5	1974	225,750	-
	1975	495,500	24,800
	1976	1,115,195	332,077
	1977	956,400	208,000
6	-	-	-
7 - 12	1973	311,000	222,145
	1974	100,000	-
	1975	45,000	-
	1976	15,000	135,000
	1977	261,000	60,600
13	1974	30,800	18,800
	1975	467,000	-
	1976	807,750	155,600
	1977	909,109	122,000
14	1975	457,000	-
	1976	457,950	105,500
	1977	1,157,800	159,600
15	1974	133,750	-
	1975	10,000	-
	1976	100,000	-
	1977	430,425	82,500
16	1974	35,000	8,000
	1975	30,000	10,000
	1976	-	-
	1977	35,900	27,000
20	1976	11,250	46,000
Seattle	1975	-	98,147

DISTRICT	YEAR	APPROVED	DISAPPROVED
CHILD CARE 7-12	1977	14,250	20,000
FISHERIES ENHANCEMENT			
2	1977	15,000	-
5	1977	1,600,000	-
WATER RESOURCES			
1	1977	420,000	-
2	1977	1,210,000	-
14	1977	420,000	-
SMALL BUSINESS			
1	1972	60,000	-
	1974	-	120,000
	1975	300,000	40,000
	1976	585,600	135,000
	1977	193,750	-
2	1975	100,000	25,000
	1976	-	38,500
	1977	165,000	-
3	1975	206,000	16,000
	1976	280,000	100,000
	1977	400,000	25,000
4	1973	188,425	140,000
	1974	312,500	25,000
	1975	1,215,625	294,600
	1976	665,000	464,000
	1977	1,007,500	249,900
5	1973	14,500	60,000
	1974	141,500	12,000
	1975	30,000	-
	1976	74,500	60,000
	1977	37,500	100,000
6	1973	60,000	-
	1975	86,000	-
	1977	107,400	100,000
7 - 12	1973	308,000	374,600
	1974	328,000	628,000
	1975	1,842,500	952,500
	1976	538,750	519,500
	1977	814,810	524,048

SMALL BUSINESS (CONT.)

13	1972	78,000	-
	1973	218,250	312,500
	1974	260,000	295,000
	1975	383,000	74,500
	1976	486,000	367,000
	1977	836,468	90,000
14	1972	20,000	-
	1973	60,000	20,000
	1974	-	60,000
	1975	-	-
	1976	56,500	25,000
	1977	190,000	-
15	1977	100,000	57,000
16	1975	75,000	100,000
17	1974	40,000	-
18	1975	43,000	10,000
	1976	10,000	-
19	1973	-	60,000
	1974	25,000	-
	1975	-	100,000
20	1973	60,000	-
	1974	199,000	214,000
	1975	504,500	80,000
	1976	1,026,500	146,750
	1977	416,700	-
21	1976	20,000	-
22	1975	20,000	-
	1977	100,000	-
Seattle	1977	23,000	-

TOURISM

1	1974	625,600	916,000
	1975	126,000	-
2	1974	150,000	-
	1975	195,000	-
3	1973	2,000	-
	1975	150,000	-
	1977	1,600,000	-
4	1973	2,024,000	-
	1974	-	1,000,000
	1975	600,000	-
	1976	171,600	-

DISTRICT	YEAR	APPROVED	DISAPPROVED
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TOURISM (CONT.)

5	1973	-	49,500
	1974	-	95,000
	1975	1,000,000	1,250,000
	1976	1,028,000	-
	1977	-	1,019,725
6	1974	199,000	-
7 - 12	1973	283,327	58,000
	1974	750,000	1,827,500
	1975	2,835,500	80,000
	1976	-	141,000
	1977	2,203,000	120,000
13	1974	-	327,153
	1975	160,000	-
	1976	-	90,000
	1977	-	32,000
16	1974	105,000	-
	1975	149,950	-
17	1975	1,000,000	-
19	1973	115,000	-
	1974	-	70,000
	1975	-	115,000
20	1973	80,000	400,000
	1974	2,000,000	1,012,000
	1975	1,148,000	-
	1976	244,000	-
	1977	-	149,900
21	1976	1,000,000	-
Seattle	1974	85,000	-
	1977	447,000	-

A NARRATIVE ON SENATE BILL 429
AND SENATE BILL 510

by

The Senate Special Committee on the Permanent Fund

Dear Alaskan:

The following report explains the Senate proposed legislation regarding utilization and management of the Permanent Fund and the Renewable Resources Development Fund. Some key points of the Senate legislation are:

REDUCE BUREAUCRACY

PROVIDE GREATER CONTROL

MAXIMIZE BENEFITS TO ALASKANS

OPTIMAL PROGRAM ACCOUNTABILITY

LOWER HOUSING COSTS

CONTRIBUTE TO LOWER COST OF LIVING

FINANCIAL DEVELOPMENT FOR
RENEWABLE RESOURCES

SECURE PERMANENT FUND MONIES
WITH HIGH GRADE INVESTMENT

Please feel free to submit any comments you may have regarding the Senate proposal to:

Senator George Hohman, Chairman
Senate Special Committee on the Permanent Fund
Pouch V
Juneau, Alaska 99811

Sincerely,


Senator George Hohman, Chairman
Senate Special Committee on the
Permanent Fund

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INTRODUCTION

In November of 1976, Alaskan voters approved a constitutional amendment which provides that at least 25% of certain non-renewable resource revenues be placed in a permanent fund. The amendment requires that the money be used for income-producing investments designated eligible by the legislature. Unless the legislature otherwise stipulates, earnings from the permanent fund will go to the state's general fund.

Because of the impact of the permanent fund on Alaskans, various opinion polls have been conducted to assess public sentiment about state needs and priorities, with emphasis placed on the structure, management and use of the permanent fund (Dittman for the Senate Committee on the Permanent Fund, Dec., 1977; Rowan Group Report for the Office of the Governor, July, 1977; and the Alaska Public Forum Report, March, 1977).

In addition to using data generated by public hearings and public opinion polls, the Senate Committee on the Permanent Fund sent questionnaires to individuals in rural Alaska and the Alaska State Chamber of Commerce members for their input regarding permanent fund usage. From the responses received from both the questionnaires and the poll tabulations, various priorities surfaced. Many individuals feel there is a shortage of capital available for lending to business venture and for purchase and construction of housing. Development of renewable resources (including agriculture, timber, and fishing) is a high priority. Community development also received support. At the same time, the respondents strongly urged that the permanent fund principal be invested in hi-grade guaranteed securities, thus maintaining the integrity of the fund for future generations.

The Senate Committee on the Permanent Fund, chaired by Senator George Hohman, has submitted legislation designed to address the expressed concerns of Alaskan citizens. The committee's legislation proposes to invest 100% of the permanent fund principal in hi-grade securities and use the earnings as a guarantee for issuing revenue bonds. The proceeds of the bonds will be used to fund the Alaska Loan Programs Fund, which would expand, consolidate and administer the activities of existing state loan programs. The legislation also develops a plan for usage of the Renewable Resources Development Fund. The following report will address the Alaska Loan Programs Fund, the investment and management of the permanent fund, and the Renewable Resources Development Fund. There is also a section dealing with the Senate proposed Reserve for Capital Outlay Account which would be used to finance non-recurring expenditures.

MANAGEMENT OF THE PERMANENT FUND

Lombard-Wall, Inc., a New York management consultant firm, was assigned the task of making recommendations concerning the management of investment assets of the permanent fund. Lombard-Wall's senior Vice President, Mr. Fred Branditz, came to Alaska specifically to review the structure, management and personnel of Treasury in order to evaluate the role that group might play in managing the permanent fund principal. In a report presented to the Senate Committee on the Permanent Fund, Lombard-Wall recommended the permanent fund be managed and invested by the Division of Treasury for the following reasons:

- 1) The expertise already exists within the infrastructure for most, if not all, the activities currently contemplated for the permanent fund. The Treasury Division administers \$1/2 billion of fixed income securities for the general fund and an additional \$1/2 billion for 7 segregated funds.

- 2) Employing an entirely new staff to manage the permanent fund would present many difficulties and risks.
- 3) The combined resources of the permanent fund, the general fund and the pension funds will create a pool of assets sufficient to employ specialized, sophisticated investment techniques to a degree none could afford individually. Thus all areas will benefit from combined management.
- 4) The revenues accruing to the permanent fund derive from taxes and belong to all of the citizens of Alaska. Therefore, no conflict of interest can result from their management by an existing state agency.
- 5) Accounting techniques currently exist for allocating cost among the various funds.

The Lombard-Wall report also includes an analysis of the capabilities of the Division of Treasury. The report concluded that there is efficiency in management of funds currently assigned to Treasury and that the staff, in particular, appears capable of assuming greater responsibility. Braditz also recommends that the Treasury be reorganized to include delegation of line and staff duties, creation of several new positions, and improvement of certain support functions in order to maximize earnings from the larger pool of assets anticipated.

In addition to the study undertaken by Lombard-Wall, letters received from the Treasury Divisions in other states indicate that placement of all state funds in the State Treasury is sound public policy.

In accordance with the above recommendations, the Senate Committee on the Permanent Fund has proposed a reorganization of Treasury to assure a program of sound investment policy, continuity and accountability to the legislative branch of government. A Division of Treasury would be created by statute, headed by a director subject to the merit system. The

director would be solely accountable for investment policy and management of the general fund, the permanent fund, and all other state funds. Additionally, he would be responsible for the organization and staffing of the Treasury Division.

The proposed legislation specifies those areas authorized for permanent fund investment. Primarily, it limits investment in corporate obligations to those with an 'A' or better rating, and allows only those securities which are federally insured. It may also be invested in bank certificates of deposit which are secured as to the payment of principal and interest in accordance with Alaska Law.

In order to keep the Executive and Legislative branches informed, the Legislative Budget and Audit Committee would provide a quarterly report regarding the investment activity of the Division of Treasury to the legislature. The legislature may exercise its law-making power to statutorily change the authorized investments allowable in Treasury should the Budget and Audit report reveal a need for such revision. Additionally, investment policy shall be proposed to the legislature during the first ten days of any regular session and only becomes effective 60 days after presentation unless disapproved by a resolution concurred in by a majority of the members of each house.

Upon recommendation of the Commissioner of Revenue, the Governor may disallow an investment strategy or policy of the Division. Budget and Audit must also receive notification and rationale for such actions and present them to the legislature.

RATIONALE FOR ESTABLISHMENT OF THE ALASKA LOAN PROGRAM

Since statehood, the Alaskan legislature has created ten loan programs and six independent corporations to meet the capital needs of various groups or to enhance development of certain industries within the State.

Generally, these target groups were unable to obtain adequate financing (either loan dollar amounts, interest rates, or loans of sufficient duration) from private financial institutions within or outside Alaska. The loan programs were not created to compete with private lenders, in fact, bank participation is a requirement of one loan program. Rather, as a matter of public policy the loan programs were conceived to provide funds for Alaskan ventures at terms banks could not (i.e. long term money) or would not (i.e. higher levels of risk) capitalize. Most of the loan programs are administered by the Department of Commerce and Economic Development, exceptions being the Agricultural Revolving Loan Fund (Dept. of Natural Resources); the Scholarship Revolving Loan Fund (Dept. of Education); and the Senior Citizens Housing Loan Fund (Dept. of Community and Regional Affairs). The independent corporations - Alaska Housing Finance Corporation, the Alaska Power Authority, the Alaska Development Corporation, the Small Business Development Corporation, the Municipal Bond Bank, and the Industrial Development Authority are not within the direct purview of any state agency.

The history of the loan programs and independent corporations is somewhat dismal. Once created, these programs often fail to (1) remain operational; (2) comply with legislative intent; (3) operate in an efficient manner; (4) be known to the general population; and (5) come under legislative scrutiny in a timely and regular manner. In addition, there is little standardization among the programs with regard to eligibility criteria, interest rates and terms, and maximum loan amounts.

Two of the independent corporations, the Alaska Development Corporation and the Small Business Development Corporation, are no longer engaged in lending activity. The Alaska Power Authority, created in 1976 is still in the organizational phase, and the Industrial

Development Authority, created in 1967, has become operational only as a result of amendments passed during the 1977 session expanding its authorized areas of activity.

Failure to comply with legislative intent is illustrated by the Alaska Housing Finance Corporation, established in 1971 to meet the mortgage needs of low and moderate income Alaskans in blighted or remote areas of the state where normal bank financing for home purchases is difficult to obtain. AHFC issues its own bonds for lending capital; there is a yearly legislative appropriation for the necessary reserve requirements that such an issue entails. However, AHFC does not come under the Executive Budget Act, and its operations come under legislative scrutiny only when performance audits are done by the Legislative Budget and Audit Committee at three year intervals (AS 24.20.271(2)). An investigation by the Office of Ombudsman conducted in July, 1977, while not a formal audit, brought to light the facts that AHFC has promulgated no administrative procedures and had made loan policy changes without benefit of required public hearings beforehand. These facts were also noted in an audit performed by the Division of Legislative Audit, dated November 11, 1977, and released in February, 1978. The Ombudsman also stated that information concerning the policy changes had been selectively distributed to the state's financial institutions.

AHFC's current lending activity is distributed on a ratio of 90% urban, 10% rural counter to the corporation's statutory mandate that loan activity shall be concentrated in "remote, underdeveloped or blighted areas" (AS 18.56.010). Although, AHFC has developed a loan program for rural home improvements or building material loans, according to the November 15 audit (Division of Legislative Audit) the program has received no publicity.

7

Taken as a whole, internal operation of the various loan programs can be neither damned nor praised. There are instances of good management, very poor management, and the entire spectrum in between. Delinquency rates in the loan programs vary from 33% (Agricultural Revolving Loan Fund) to 2% (Veteran's Revolving Loan Fund). Characteristic of all loan programs is that loan granting, record keeping and collection functions occur within the same division. While an inherently sound practice for private financial institutions, whose goal is maximization of profit, within the bureaucracy of state government inattention to accounting and collection aspects have worked against the best interest of the state, both in loss of return on investment and diminished public confidence in the program. Recommendations issued by the Legislative Budget and Audit Committee after performance audits are almost exclusively in the areas of record keeping (accounting) and collection.

Currently, administrative costs for the state loan programs are in excess of \$2 million per year; both the Legislative Budget and Audit Committee and the Director of Business Loans have indicated that economies of scale, efficiencies of operation, and more equal opportunity for loan applicants would probably result were the state loan programs to be consolidated and/or streamlined in some manner.

The legislation proposed by the Senate Committee on the Permanent Fund would dissolve all the existing loan programs and independent corporations now in operation. In their place would be created the Alaska Loan Programs Fund, which would lend in all areas now served by these entities.

The lending arm of the Alaska Loan Programs Fund will be a division

in the Department of Commerce and Economic Development, with field offices initially established in Anchorage, Fairbanks and Juneau; others will be opened as volume dictates. These offices will provide, in addition to information about the Alaska Loan Program, information concerning state and federal grant programs, and federal and private sources of loans.

Provisions are made in the legislation for individuals and corporations to engage in borrowing through the Alaska Loan Program in cooperation or participation with the private financial institution of their choice.

The scope of activity includes; 1) educational loans of \$4,000 for undergraduates, and \$8,000 for graduate students; 2) commercial loans with a maximum of \$500,000 per individual and \$5 million maximum for no more than 10 individuals in a project, or a corporation where no more than 10 individuals owning stock assume a personal liability; 3) residential loans ranging from \$90,000 for a single residence to \$210,000 for a 4-plex; and 4) public purpose loans where the Alaska Loan Program will submit a bid for all GO and revenue bonds offered on a competitive basis by a home rule borough or city or general law borough or city under the laws of the state, loans to municipalities of less than 5,000 population through purchase of municipal bonds, industrial development projects conducting exempt activities under federal law, and revenue bonds issued on behalf of a non-profit corporation with approval of the municipality.

The interest rate charged for loans will be standardized, and depending on the cost of the revenue bonds issued, should be in the 7% range. In the event that a reduction in the basic interest rate is deemed desirable, as for veteran's or educational loans, the difference in interest rates charged to the borrower and that paid to the Alaska Loan Programs Fund would be paid on a yearly basis from the general fund.

The Senate legislation also addresses incentives for renewable resource loans. In 1974, the legislature passed a bill creating the Alaska Renewable Resources Development Fund. Not less than 5% of the receipts from revenues derived from certain renewable resources will be deposited in this fund. The proceeds of this fund are to be utilized to enhance and develop renewable resource programs.

The proposed legislation creates the Division of Renewable Resource Development, also within the Department of Commerce and Economic Development. This division will work hand in hand with the Alaska Loan Program by performing feasibility studies on renewable resource project loans and participating in one or more of three ways: 1) interest incentives; 2) equity participation; and 3) loan guarantees. They may also make grants for eligible projects with legislative approval.

Eligibility criteria will also be standardized, the main requirements for individuals being Alaska residency of five years duration and 18 years of age or older. For loans to corporate entities, more than 60% of its co-owner—shareholders must be Alaska residents for five years or more at the time of application, and the officers of the corporation must assume individual liability for the loan's repayment.

Length of experience will determine the maximum commercial loan amounts once basic eligibility criteria have been met. Percentages of the maximum amount available for borrowing will be reduced if the applicant has less than 5 years experience in the area of loan application.

Maximum loan amounts have, in most cases, been increased to more realistically reflect current costs of living, building, or doing business in the state. Additionally, a cost differential formula has been added to the maximum loan amounts to reflect higher costs incurred in rural areas.

Collateral requirements for commercial and real estate loans will be no less than 90% of the real property held as security, and no less than 80% of equipment held as security.

Should a loan become delinquent in excess of 30 days, a loan evaluation committee shall review the loan and consider reevaluation of its terms and conditions, provided the loan can be restructured in such a way as to protect the interests of the state.

Accounting for the Alaska Loan Programs Fund will be performed by the Dept. of Administration. Reports will be made by the Depts. of Commerce and Revenue to the Legislative Budget and Audit Committee on a monthly basis itemizing loans which are in excess of 30 days delinquent, and outlining the measures taken to insure compliance with conditions and terms of the loan.

Within the Dept. of Revenue, a division will be created to assume the collection function for all loans made by the Fund. Reports of collection efforts will be made to the Budget and Audit Committee.

The Budget and Audit Committee will do a quarterly review of the performance and status of the lending, accounting and collection procedures of the three agencies involved and will present their findings and recommendations to the legislature for review and action.

FUNDING OF THE ALASKA LOAN PROGRAMS FUND

Primary funding for the Alaska Loan Program will come from proceeds of revenue bonds. Revenue bonds are tax-exempt under Federal law, resulting in lower interest costs to the borrower. Loans from the Alaska Loan Program are limited to \$5,000,000 for any one project in a specific locality. There would, however, be no limit on the amount lendable for public purpose loans - those to local government units, public utilities, hospitals, etc. Due to the Federal restrictions, any violation of these

limits could result in the loss of the tax-exempt status of the bonds.

Because of the low bond interest to the Loan Program, loans can be made to Alaskans at an interest below market rate; the cost of money to the Loan Program plus a 1% service fee for administrative costs of loan processing. Additionally, this type of funding would place no budgetary limits on the amount of money available for lending in any of the loan categories. As the earnings of the permanent fund increase, additional bonds can be issued to meet the borrowing needs of Alaskans. Repayment of the bonds would come strictly from repayment of borrowers of the Alaska Loan Program. Following is a brief description of the Alaska Loan Programs Fund and organization of the reserve accounts to be established.

- 1) Alaska Loan Programs Fund - All bond proceeds except those designated in 2) of this section to be placed in this fund.
- 2) Debt Reserve Account - For the purpose of securing each issue of its obligations, the Alaska Loan Programs Fund will pay into this account the maximum amount permissible under Federal law and regulations for tax-exempt obligations. All money in this account may be used when required, when money is not available from the principal and interest account or the capital reserve account solely for the payment of the principal of obligations, the purchase or redemption of obligations, the payment of interest on obligations, or the payment of any redemption premium required to be paid when those obligations are redeemed before maturity. Any interest or income from this account and any amount remaining in the debt service reserve account when the issue secured by the account is fully retired shall be paid to the unallocated reserve account.
- 3) Unallocated Reserve Account - All earnings from the permanent fund will be placed in this account. The amounts necessary to fund the capital reserve account, the insurance reserve account, and the loss reserve account

will be furnished from this account. At such time as may be necessary, amounts in the unallocated reserve account will be transferred to the general fund.

4) Capital Reserve Account - the Commissioner of Revenue shall place an amount equal to 5% of all obligations issued and sold into this account. At the end of each fiscal year, the Commissioner will withdraw or add to the account that amount necessary to maintain the 5% of the obligations secured. Excess funds will be returned to the unallocated reserve account. All money in this account may be used as required for the payment of bond obligation principal, the purchase or redemption of obligations, the payment of interest on obligations, or the payment of any redemption premium required should obligations be redeemed before maturity.

5) Loss Reserve Account - A special account is established for the purpose of protecting the financial integrity of the fund. The Commissioner of Revenue shall pay into this account an amount equal to 5% of the estimated total amount of all loans to be made by the fund during the first fiscal year of operation. At the first of each succeeding fiscal year and thereafter, an amount necessary to bring the balance of the account up to 5% of the total amount of loans to be outstanding during the fiscal year shall be paid into the account. The 1% loan service fee will also be placed in this account and used to reimburse the unallocated reserve account.

6) Fire Insurance and Liability Reserve Account - The Alaska Loan Program may issue loans without requiring proof of insurance if an additional amount of .6% is made by the borrower. The account shall only be used for reimbursement to the Loan Programs Fund for losses of property having the insurance coverage.

RESERVE FOR CAPITAL OUTLAY ACCOUNT

The Senate proposal provides that 30% of the oil and gas receipts will be set aside in a reserve for capital outlay account within the general fund. Monies from this account will be used to finance non-recurring expenditures. Deducting the 25% for permanent fund, 5% renewable resources development fund, and 30% for the capital outlay account, the Governor will be required to prepare a balanced budget against the remaining 40% of current receipts (less until the Native Land Claims are paid off). The Governor will also be required to perform long-range capital programming and financial planning in conjunction with this program. A current inventory of all state facilities, including a projection of the serviceability of the facilities and projections of replacements and additions to facilities needed to provide the level of services programmed by the various user agencies, is also required in the Senate proposal.

Existing State Loan Programs and Independent Corporations

Lending Agency	Eligibility	Interest	Terms	Amount
Agricultural Loan Fund	AK resident farmer, homesteader or partner of same 2 - 3 years experience	6.0%	1 yr	\$ 25,000
Short Term		6.0%	30 yr	200,000
Farm Development		6.0%	7 yr	100,000
Chattel		4.0%	10 yr	no max
Irrigation				
AK State Development Corp (presently inactive)		legal rt	20 yr	750,000
Child Care Loan Fund	Certificate of need (CRA) required	6.0%	10 yr	10,000
Commercial Fishing Loan	5 yr AK resident; 3 yr license	7.0%	15 yr	150,000
Fisheries Enhancement	For non-profit hatchery permit holder	8.0%	25 yr	300,000
	For non-profit corporation	8.0%	25 yr	3,000,000
Small Business Dev. Corp.	Through Local Development Corp with/SBA	7.0%	25 yr	
Small Business Loan Fund	AK resident; less than 50 employees	8.0%	5-15 yr	300,000
Student Financial Aid	AK resident; full time graduate	5.0%	6-10 yr	5,000
	undergraduate	5.0%	6-10 yr	2,500
Tourism Loan Fund	Requires bank participation for loans exceeding \$150,000	8.0%	20 yr	3,000,000
Veterans Loan Fund	AK Veteran; Veteran residing 5 years in state; 6 yr Nat'l Guard	7.5%	20-30 yr	10,000
Personal		7.5%	same	125,000
Business		7.5%	same	83,250
Vet occupied duplex		7.5%	same	68,250
Single family		7.5%	same	110,000
Multiple dwelling				
Water Resources Loan Fund	Public utilities	5.0%	7 yr	
Senior Citizens Dev. Fund	Municipalities and corporations	None Specified		
AK Housing Finance Corp.	Owner occupants; home improvement loans only in rural Alaska			
Conventional		7.75%	30 yr	65,000
Single family		7.75%	same	90,000
Duplex				
FHA/VA Insured		7.50%	same	65,000
Single family		7.50%	same	90,000
Duplex				
Home Improvement		9.50%	15 yr	15,000
Historical Loan Fund	Person, firm, or municipality	6.5%		100,000
AK Industrial Dev. Authority	Industrial development projects with approval of local governmental unit	Through Bond Issue		
Municipal Bond Bank	Municipalities	Through Bond Issue		
AK Power Authority	Not yet operational			

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SENATE PROPOSED ALASKA LOAN PROGRAM

STANDARD ELIGIBILITY:	Five year Alaskan resident Eighteen years of age or older
STANDARD INTEREST:	No more than 1% plus the cost of borrowing to the ALP
INTEREST INCENTIVES:	Agricultural loans - standard interest less 1% Veterans loans - standard interest less 1% (less additional 1/2% for twice qualifying veterans) Renewable Resources loans - interest incentive to be determined by the Renewable Resources Development Division
TERMS:	30 yr. on loan secured by real property 15 yr. on life of equipment on loans secured by equipment 7 yr. or life of chattel on loans secured by chattel 1 yr. on a loan for working capital

<u>Category</u>	<u>Description</u>
Educational	1) Individual enrolled in full-time college, work study, or vocational program 2) \$4,000 per year for under-graduate; \$8,000 for graduate 3) \$16,000 maximum outstanding allowable
Residential	1) \$ 90,000 for single dwelling 130,000 for duplex 170,000 for tri-plex 210,000 for four-plex 2) Collateral requirements: 90% appraised value of real property 95% in areas lacking FHA mortgages
Commercial	1) \$500,000 maximum per individual \$5 million for group of no more than 10 individuals in project or corporation where 10 individuals owning stock assume liability 2) Collateral requirements: 80% appraised value of equipment 90% appraised value of real property
Public Purpose	1) ALP will submit bid for all G.O. and revenue bonds offered on a competitive basis by home rule or general law borough or city 2) Loans to municipalities with population under 5,000 through purchase of municipal bonds 3) Industrial development projects conducting exempt activities under federal law 4) Issue of revenue bonds on behalf of a non-profit corporation with the approval of the municipality in which it is located

ALASKA LOAN PROGRAM

ELIGIBILITY:	5 yr. Alaska resident, minimum 18 yrs. of age
INTEREST:	Cost of borrowing to ALP plus 1% service fee
TERMS:	30 yr. on loan secured by real property 15 yr. on life of equipment on loans secured by equipment 7 yr. or life of chattel on loans secured by chattel 1 yr. on a loan for working capital
COLLATERAL:	80% appraised value of equipment 90% appraised value of real property 95% for residential where FHA mortgage not available

EDUCATIONAL

RESIDENTIAL

PUBLIC PURPOSE

COMMERCIAL

\$4,000 per yr/undergraduate 8,000 per yr/graduate 16,000 maximum outstanding	\$ 90,000 single dwelling 130,000 duplex 170,000 triplex 210,000 fourplex	Eligible Entities Boroughs and cities Municipalities Industrial development projects Non-profit corporations	\$500,000 max per individual \$5 million max per group or corporation assuming individual liability
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ORGANIZATIONAL CHARTS

The following Organizational Charts A through D have been prepared by the Senate Special Committee on the Permanent Fund.

Organizational Chart A

Per existing state agencies

Organizational Chart B

Per House Bill 298, the Governor's Bill

Organizational Chart C

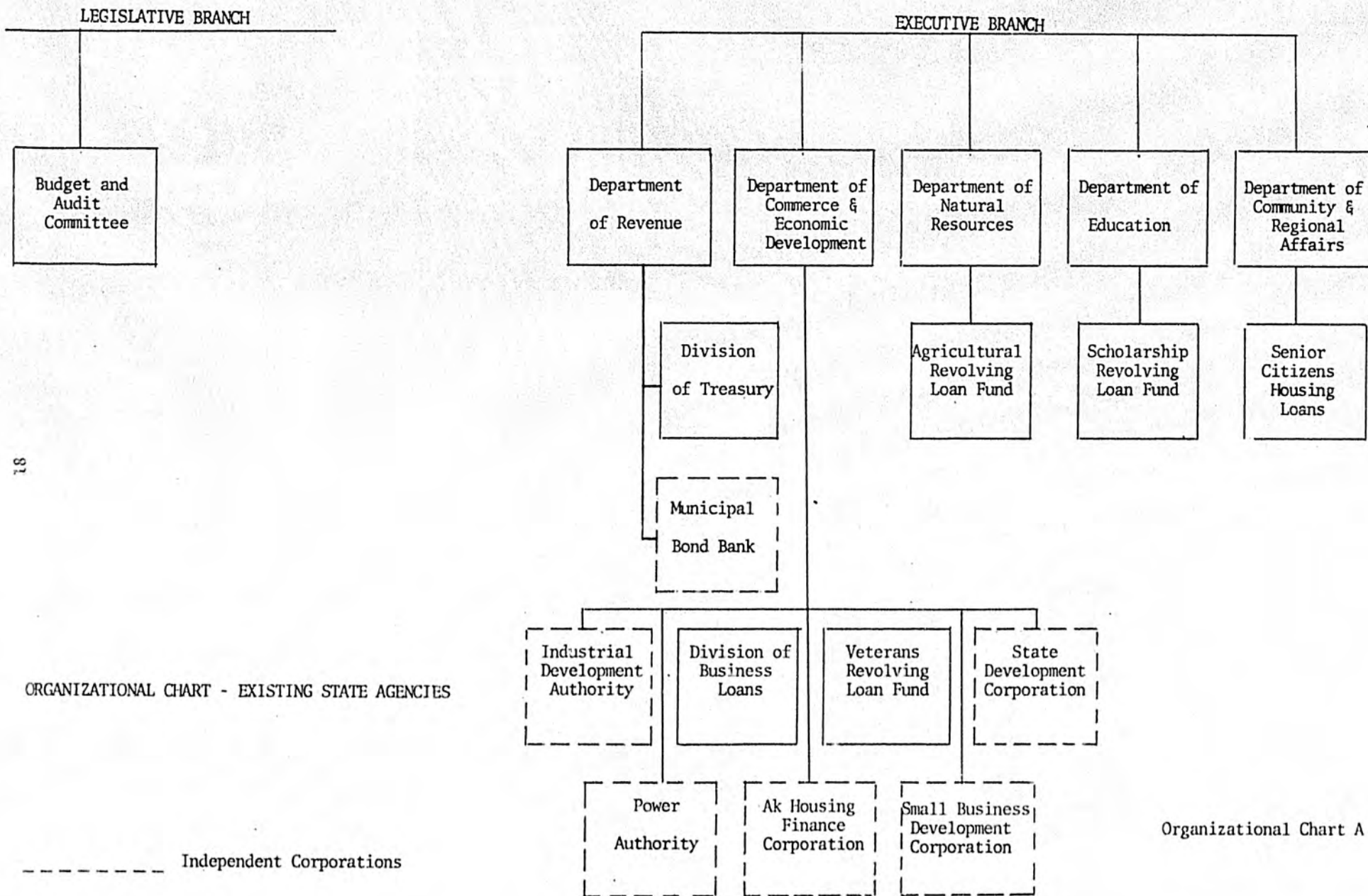
Per House Bills 596 and 682, by the House Special Committee on the Permanent Fund

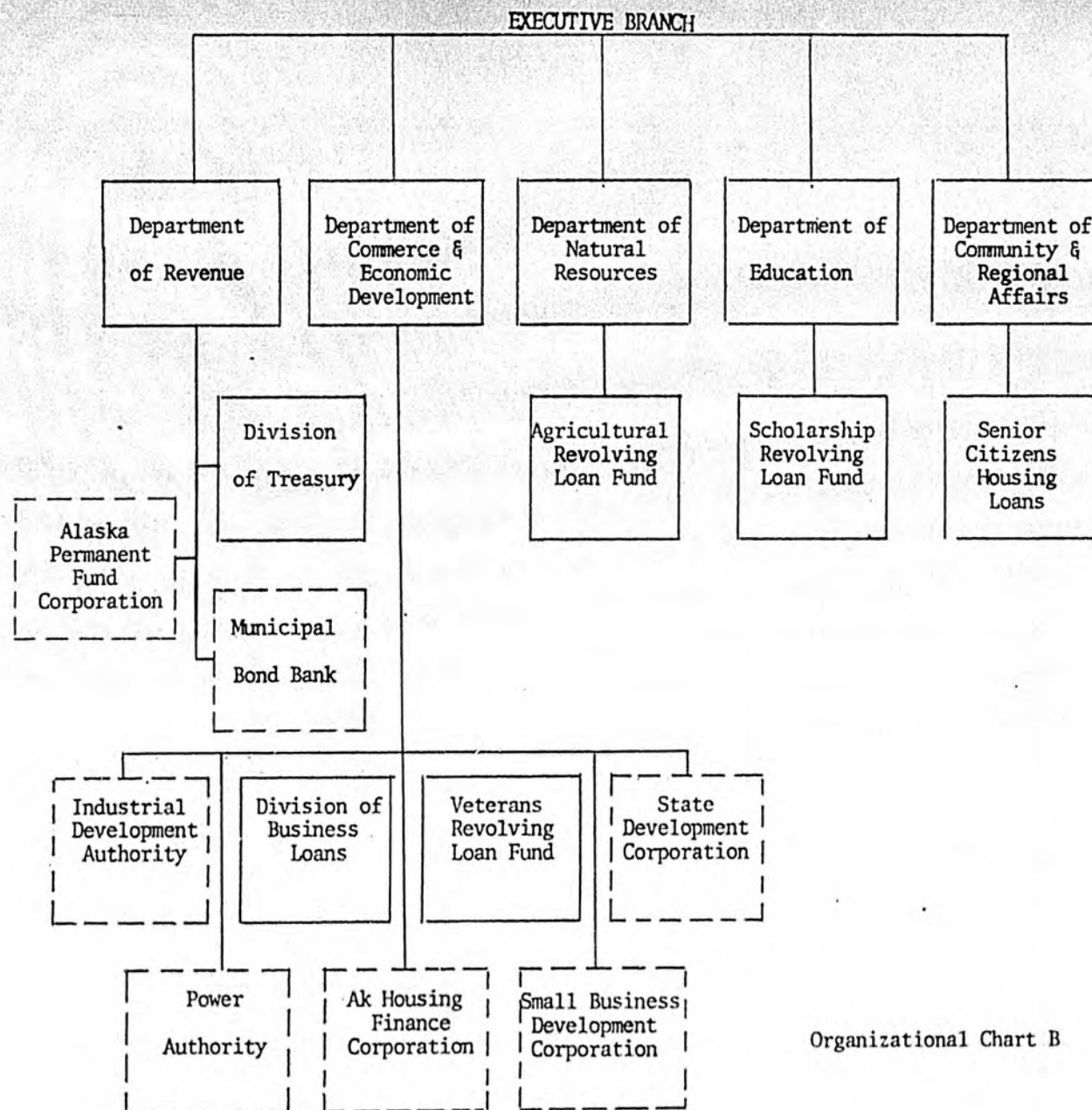
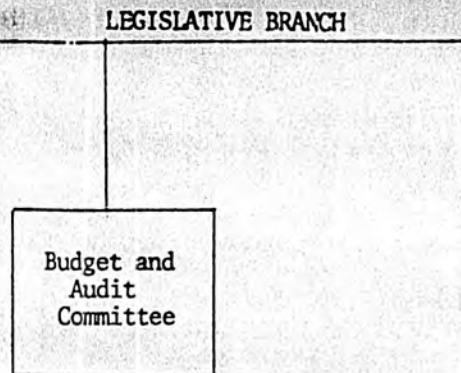
Organizational Chart D

Per Senate Bill 429, by the Senate Special Committee on the Permanent Fund

Organizational Chart E

Organizational and flow chart of the permanent fund, renewable resources development fund and the general fund



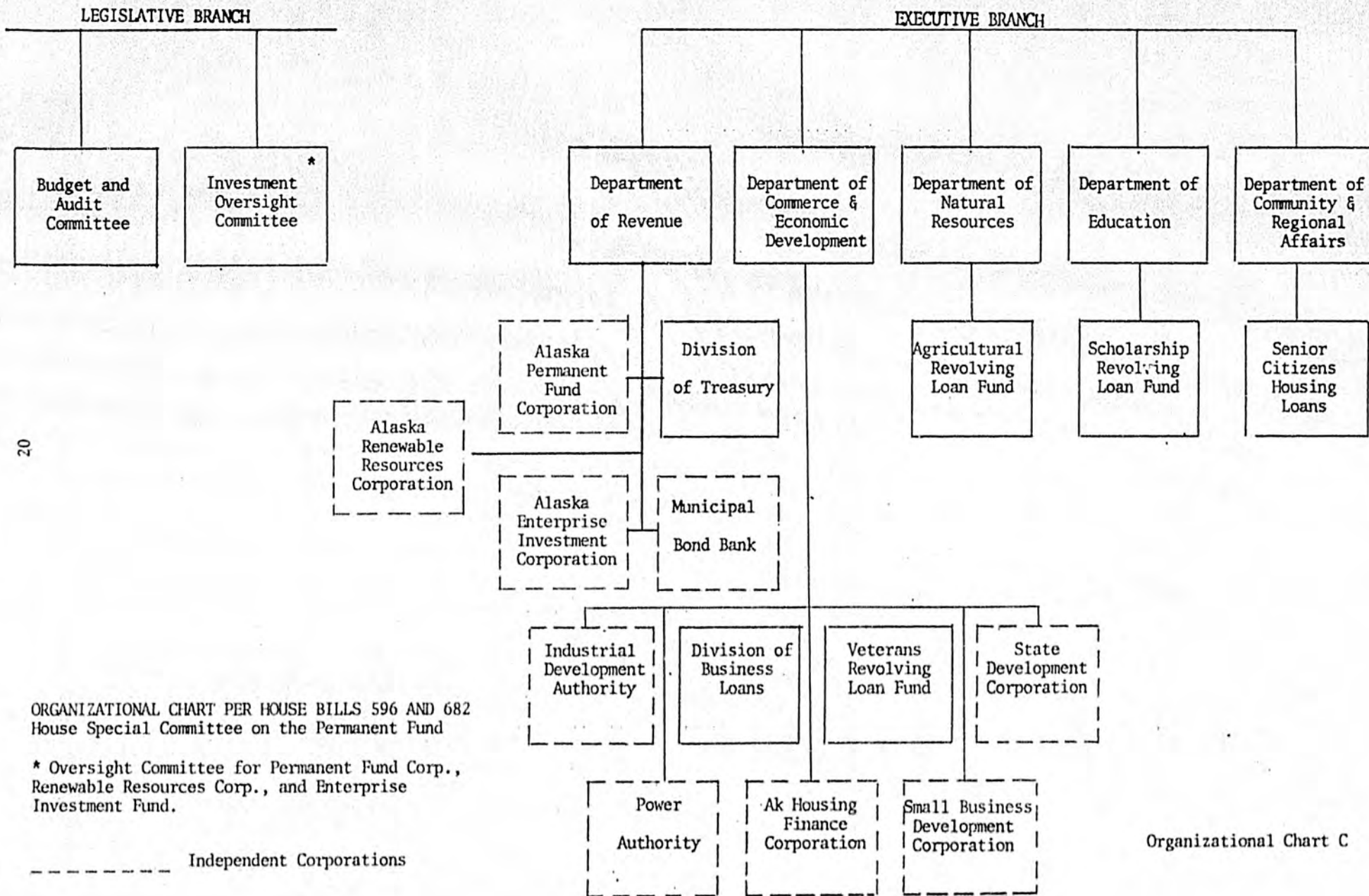


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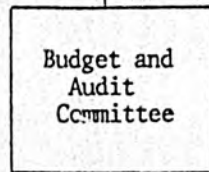
ORGANIZATIONAL CHART PER HB 298
Governor's Bill

----- Independent Corporations

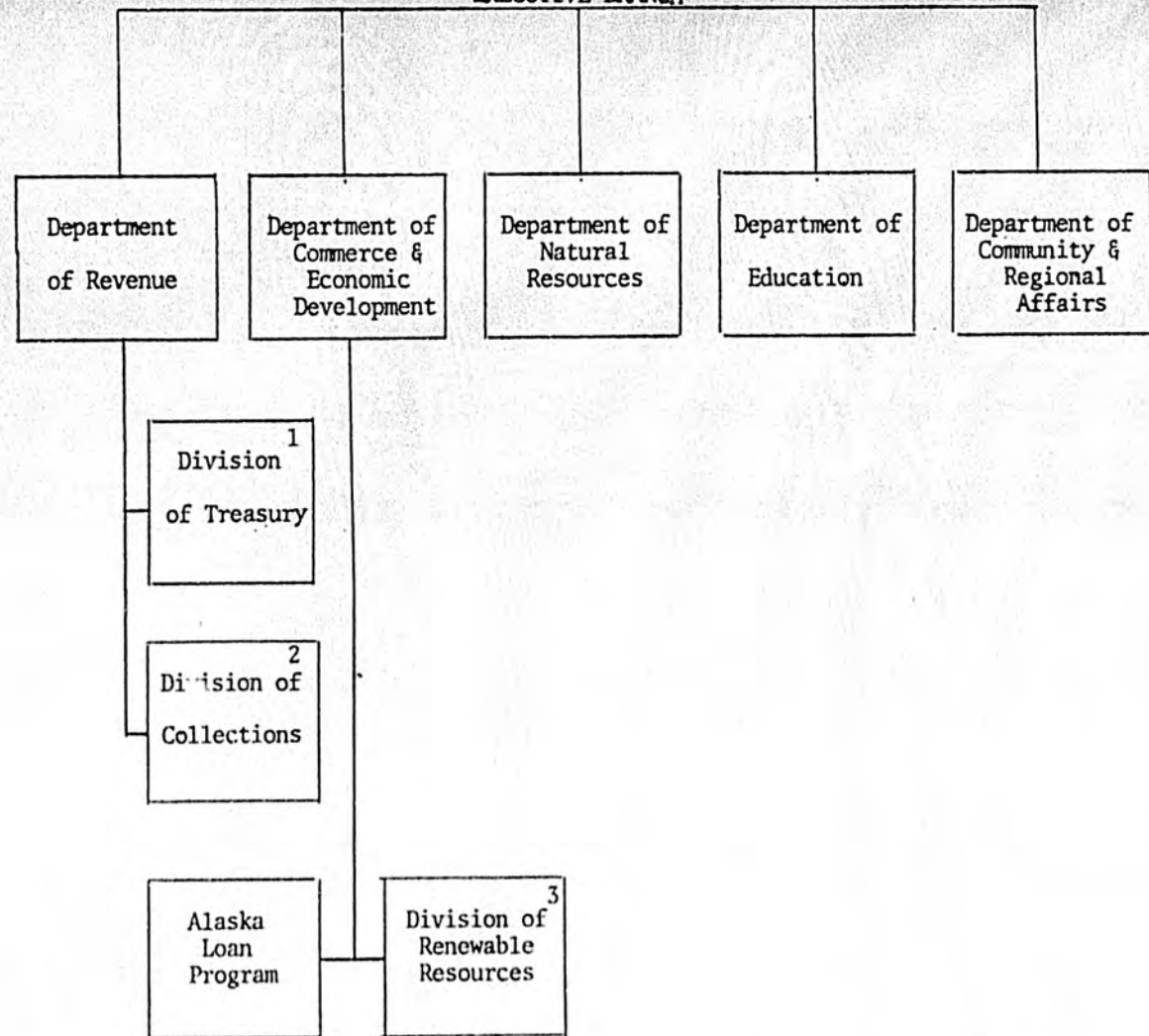
Organizational Chart B



LEGISLATIVE BRANCH



EXECUTIVE BRANCH



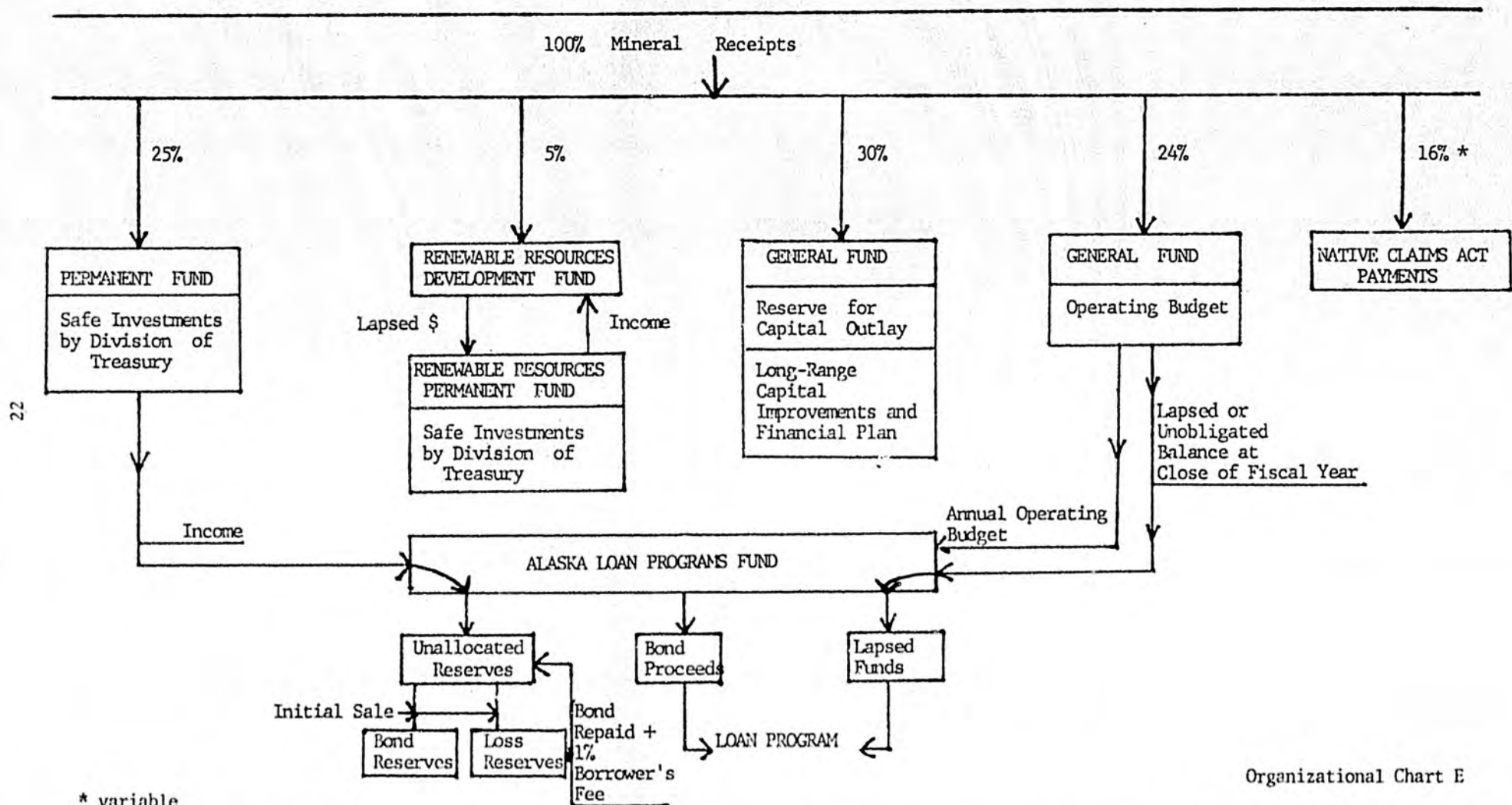
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ORGANIZATIONAL CHART PER SENATE BILL 429
Senate Committee on the Permanent Fund

- 1 Manages all state funds including permanent fund
- 2 Collection agency for Alaska Loan Program
- 3 Provides equity participation or interest incentives through the Alaska Loan Program

Organizational Chart D

SENATE INTERIM COMMITTEE PROPOSED LEGISLATION



Organizational Chart E

* variable

Future needs of Alaska's citizens can be met from the savings accounts within the Alaska Loan Program, which are: all unallocated reserves (income from Permanent Fund), unallocated reserve subaccount (General Fund contribution account).