

SCOMM

#9:139

SENATE COMMITTEE ON THE PERMANENT FUND

OCTOBER 21, 1977

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SPEC
Outline

I. ALASKA PERMANENT FUND

A. Description of Funds

A special revenue fund created by Article IX, Section 15 of the Alaska Constitution.

1. The amendment provides that at least 25% of all:

- (a) mineral lease rentals
- (b) royalties
- (c) royalty sale proceeds
- (d) federal mineral revenue sharing payments
- (e) bonuses

will be placed in the Permanent Fund.

2. The amendment also provides that the principal amount of the Fund must be used for income-producing, investments specifically designated by the legislature as eligible investments.

3. The amendment provides that income from Permanent Fund investments shall be deposited in the General Fund unless otherwise provided by law.

B. Purpose and Intent

1. The basic reasoning given for creation of the Fund was to provide a savings account for future use of non-recurring revenues from non-renewable resources.

2. The principal of the Fund remains intact while the interest could be used for general fund purposes.

II. RENEWABLE RESOURCES FUND

A. Description of Funds

A special revenue fund created by the legislature which is to comprise 5% of non-renewable resource revenues (as outlined in I.1.a-e).

B. Purpose and Intent

1. To guarantee the enhancement and development of the state's renewable resources.

2. To provide funding for capital and operating appropriations for the rehabilitation, enhancement and development of renewable resource programs.

III. ALASKA LOAN PROGRAMS FUNDA. Description of Funds

A proposed enterprise fund which would provide for a single financial source of all the state-sponsored loan programs and to the private and public sector of Alaska. Program monies would be raised through the issuance of tax-exempt bonds.

1. The tax-exempt bonds would receive backup support from a portion of the interest earnings of the Permanent Fund.

2. The Renewable Resources Fund would be used to appropriate any subsidy to another loan program since it may appropriate by principal and interest. These subsidies may be in the form of:

- (a) ratio of loan to equity
- (b) lower than cost interest rates

3. The General Fund would be used to appropriate any subsidy to another loan program which is not within the areas covered by the Renewable Resources Fund.

B. Purpose and Intent

1. Low interest cost loans--The minimum markup of interest costs to the borrower, i.e. lowest possible interest cost, is the first recommended goal of the fund.

2. Long term money--The second goal is to make available to all sectors of Alaska long term money not available currently from existing Alaskan financial institutions.

3. Cost of living--If the two goals above are accomplished, this program should make a significant contribution to lowering the cost of living for Alaskan residents and operations of the private and public sector.

4. Efficient and effective service--The potential users would have a single source from which to gain assistance in obtaining a state loan or information as to where to be better served by an existing federal loan program.

5. Efficient and effective source of revenue--The fund raising is to be concentrated at one single state source rather than the various non-profit corporations or state single-purpose agencies. The subsequent bond issues are to be designed to provide the highest assurance that the money will be repaid on time, thus lowering the cost of borrowing and enhancing the total financial status of the state and its political subdivisions (boroughs and cities).

C. Organization

1. Executive branch--In lieu of establishing a separate corporation or semi-independent agency, one proposal is to maintain all segments of the delivery of services, maintenance of fund management and bond issuances within the executive branch. An initial view would be:

- (a) loan program services--all loans for whatever purposes would be processed through a Loan Program Division, Department of Commerce. The district offices would service all types of loans based upon detailed and uniform statutory standards.
- (b) treasury management/collections
 - (1) cash management and investments--the fund would have a cash position with the state treasury, a division of the Department of Revenue, and all of its idle cash balances would be invested by the treasury, as well as various reserves created in each bond issued or created by statute.
 - (2) collection--The Department of Revenue would also be assigned the duty of collection of delinquent accounts. The statutes should give the state broad set-off powers to collect on delinquent loans from whatever funds come within the purview of the state.
- (c) accounting
 - (1) the Department of Administration now accounts for the major government and business functions of the state. Responsibility for fund accounting would be assigned to this department.
- (d) legislative checks and balances
 - (1) Budget and Audit Division--in lieu of periodic review of the various separate loan programs, this agency would have the responsibility for not less than quarterly review, but preferably continual auditing.
 - (2) State Bond Committee--the addition of a state senator and a state representative to the State Bond Committee, which is now comprised of the Commissioners of Administration, Revenue, and Commerce and Economic Development.

(e) citizen advisory

(1) to periodically observe, review operations, and report to the Governor and the Legislature;

- (a) any indication of political favoritism in any loan program
- (b) any apparent mismanagement
- (c) any apparent procedures which result in a disservice to those for whom the program was established

D. Bond Issuing Agencies

1. General Bond Issue - to Public

- (a) the State of Alaska
- (b) State of Alaska boroughs
- (c) State of Alaska cities

2. Special Bond Issue to Federal Agencies

In addition to the entities in III.D.1.a-c, (above) the following would be able to issue revenue bonds to federal agencies:

- (a) Native housing corporations
- (b) non-profit corporations
- (c) special federal corporations and agencies

3. Special Bond Issue to Alaska Loan Program Fund

- (a) Native housing corporations
- (b) non-profit corporations performing duties outlined in AS 29.48, or specific statutorily assigned functions
- (c) special federal corporations and agencies

IV. THE BONDS

A. Description of Bonds

The bonds are to be paid from the interest earnings and principal payments of the various loan programs. As such, the bonds do not have the full faith and credit pledge of the State of Alaska as is the case with general obligation bonds.

B. Proceeds of the Bonds

The proceeds of each issue shall be distributed as follows:

1. Debt Service Reserve

The capital reserve accounts shall be equal to the lesser of either 15% of the original face amount of the issue, or the sum of 5% of the original face amount of the issue, plus the lesser c

- (a) 1 1/3 times equal to one year's debt service on the issue on an assumed level annual debt service schedule over the term of the issue, or;
- (b) an amount equal to the maximum annual debt service of the issue.

2. Operating Account

That amount of the proceeds necessary to pay for the total expense of the bond issue.

3. Loan Account

The balance of the proceeds

C. Debt Service Reserves

1. Authorized Investments

- (a) all direct obligations of the U.S. Government
- (b) all agency issues guaranteed by the U.S. Government
- (c) taxable corporate bonds with at least an AA rating from one of the national rating bureaus

2. Distribution of Interest Earnings

- (a) operating accounts
- (b) repayment of any advances from the General Fund
- (c) insurance reserve in the Alaska Permanent Fund

3. Distribution of Debt Service Reserve Upon Final Bond Payment

- (a) upon payment of bonds, the reserve is transferred to the debt service payment account
- (b) any excess may be transferred to the General Fund

D. Loan Program

1. Multi-purpose--The bonds will be utilized to fund all those presently qualifying as non-industrial bonds and industrial bonds (exempt), and those non-exempt but qualified under the statutory \$5 million rule.

D. Loan Program (cont.)

Care will be taken to comply with the IRS guidelines of less than a major portion going into the industrial bond classification; these being:

- (a) housing
- (b) commercial-general
- (c) commercial-renewable resource
 - (1) agriculture
 - (2) fishing
 - (3) timber
 - (4) municipal loans
 - (5) non-profit corporations operating hospitals or providing functions that the state or a municipality may perform
 - (6) those exempt from the industrial bonding limitations in transportation, pollution control and industrial parks

2. Back-up Provisions

- (a) the Alaska Permanent Fund is to be utilized to provide:
 - (1) make-up reserves account within the Alaska Permanent Fund--this account to be that necessary percentage to bring the basic bond issue to an AA bond rating
 - (2) insurance account--with the Alaska Permanent Fund, an insurance account will be established from the fees paid by loan program users, which will be used to pay the Alaska Loan Program for any default in specific loans outstanding. Specific liability for large AA corporation issues may not be provided, but all will pay the insurance fee to the Alaska Permanent Fund.
 - (3) reserve accounts released-- these reserve accounts are to be released when the specific issue has been repaid or refunded.
- (b) the Renewable Resources Development Fund will be utilized to provide a subsidy in the form of less than standard loan to equity ratio, lower than going rate of interest and fee requirements, and/or high risk loans by:
 - (1) direct appropriation of the difference between the standard statutory ration outlined for the loan program. This appropriation is to be maintained in a make-up reserve account within the Renewable Resources Development Fund.
 - (2) direct appropriation for loans which have interest charges below interest cost. Said appropriation is to take place annually and be transferred to the Alaska Loan Program Fund.
 - (3) grants or participation to the commercial activity may be processed at the same time the loan is being processed.

- (c) the General Fund will be used to provide subsidies for those areas which are below the required interest rates and fees of the Alaska Loan Program Fund, including:
- (1) student loans
 - (2) child care facilities
 - (3) water resources
 - (4) senior citizens housing
 - (5) historical projects
 - (6) some types of municipal borrowing
 - (7) any other projects specified by the legislature
- (d) World War II Veteran's Fund would no longer be a direct loan program, but would supply the subsidized interest cost if loans are to be made at below the cost of the Alaska Loan Program Fund. Special loans, (such as the presently authorized \$10,000 character loan) would be fully insured by this fund. If and when the available fund's balance is exhausted, the subsidy program could be continued by the general fund.
- (e) Agricultural Revolving Loan Fund. Same as (d) above. In this case, irrigation loans and the balance of the program's subsidy activities would be carried out by the Renewable Resources Fund when the available fund balance is exhausted.

E. Alaska Permanent Fund

1. Loss reserve account for the Alaska Loan Program Fund Bonds
 - (a) interest earnings appropriated on a continuing basis to fund this reserve account, which will be not less than _____% of the principal amount of debt outstanding in the Alaska Loan Program Fund.
 - (b) investments authorized are the same as the capital reserve of the Alaska Loan Program Fund.
 - (c) interest thereon reinvested with the account until the statutory balance is reached.
 - (d) excess is to go to the insurance reserve account until a statutory balance is reached.
 - (e) this account is to make up any deficiency in either the capital reserve account of the Alaska Loan Program Fund or the insurance reserve account if it is depleted by losses.
 - (f) there is appropriated from the first available earnings of the Permanent Fund principal monies to replace any disbursements from this account to bring the balance to _____%.

(2) Fire insurance reserve account

- (a) a fee on money borrowed from the Alaska Loan Program Fund will be deposited into this account for those areas where fire insurance is unavailable at reasonable cost.
- (b) the account will either purchase group fire insurance on all loans or self-insure.
- (c) if depleted because of losses, the funds will be made up in turn by the mortgage insurance reserve account or the loss capital reserve account.
- (d) a reserve balance will be established based upon a study of Alaskan fire losses

(3) Mortgage insurance reserve account for the Alaska Loan Program Fund

- (a) a fee on money borrowed from the Alaska Loan Program Fund will be deposited into this account.
- (b) an accommodation fee for each industrial bond issued will be deposited to this account, although the issue may not be insured.
- (c) investments in securities as authorized in the capital reserve account of the Alaska Loan Program Fund.
- (d) when the account reaches the greater of the total of the highest ten (10) loans, or 2% of the total outstanding loans, the balance may be appropriated for other purposes.
- (e) all loans in default will be transferred from the Alaska Loan Program Fund, which will be totally reimbursed. Thereafter, the treasury division will proceed to process collections and reimburse this account with any proceeds received from that action.

LOAN PROGRAMS

At the direction of the prime contractor of the Senate Permanent Fund Committee, inquiries were sent out to the state agencies administering loan programs (including the Alaska Housing Finance Corporation, which enjoys an independent status and is on a different fiscal year than the other agencies). The agencies were requested to fill out forms defining their personal service and other operating costs for fiscal years 1975 through 1978 (estimating for FY 78). They were also requested to provide the number of loans, total amount of loans granted, and average "cost per loan", (that being determined by dividing the total program cost by the number of loans processed). Where possible, agencies were requested to identify personnel and costs associated with loan processing and personnel and costs associated with loan collections. Many agencies, however, have no such breakdown and for that reason, direct comparison of workload cost figures is not possible.

The reason for requesting this information was to determine what costs the state incurs in its administration of loan programs. It should be pointed out that the charts which follow should not be examined as a strict measure of cost effectiveness of programs. There are obviously many other factors to be taken into consideration in measuring the cost and program effectiveness of loan programs, including delinquency rates, adherence to legislative directives, satisfaction of the public, and, of course, the difference in complexity of the various programs (for example, much less is involved in processing a student loan application than in a loan for a senior citizens' housing development). It should also be noted that the Municipal Bond Bank experienced high costs in its formation which are reflected in the figures but gives an inflated impression of its "cost per loan".

Figures on the Agricultural Loan Fund and Veteran Loan Fund, which can be viewed as "bad" and "good" programs based on delinquency figures, follow the fiscal year charts for all loan programs.

In FY 75, the state loan programs employed 49.2 people, with salary and benefits of \$758,125; all other costs of \$288,937; making a total of \$1,047,062. In FY 78, there are 69.2 positions; salary and benefits of \$1,637,100; all other costs of 709,600; for a total of \$2,346,700.

These figures do not include Alaska Housing Finance Corporation, which is the last chart in the group. Our information from them is incomplete, (forms lost in the mail for a month, not lack of cooperation). However, the information received over the telephone indicates that their per loan cost is substantially lower than all other state programs. The information we do have is not incorporated in the totals because they are an independent corporation operating on a different fiscal year than the rest of the state.

GRAM: Student Financial Aid

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	5.8	94.6	45.90	140.5	1457	2,659,807	\$96
FY 76	7.8	128.8	50.10	178.9	1719	3,382,997	\$104
FY 77	7.8	165.9	83.7	249.6	1921	3,850,507	\$130
FY 78	14.2	252.3	82.90	335.2	2100 (estimate)	no estimate provided	\$160

PROGRAM:

Division of Veteran's Affairs (Loans)

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	30	436,000	172,300	608,300	1,164	46,000,000	522.59
FY 76	31	635,000	208,900	843,900	1,160	54,000,000	727.50
FY 77	37	743,600	606,600	1,350,200	1,254	57,000,000	1,076.71
38	851,100	275,700	1,126,800	2,100	97,000,000	536.57	

GRAM:

Bond Bank Authority

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	Created during	75 legislative	session.				
FY 76	1	31,566	92,726	124,292	2	3,000,000	62,146
FY 77	1	45,240	154,069	199,309	6	12,670,000	33,218
FY 78	1	65,000	186,200	251,200		15,000,000 (estimate)	

PROGRAM: Senior Citizens Housing Development Fund

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	NO ACTIVITY						
FY 76	NO ACTIVITY						
FY 77	1	12,569	16,329	28,898	2	1,300,000	14,449
FY 78	1	39,400	29,200	68,600	6,200,000		

GRAM: Agricultural Revolving Loan Fund

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	4	60,571.28	17,667.02	78,238.30	245	4,185,590.39	247.23
FY 76	4	63,079.74	11,680.63	74,760.37	207	4,270,851.30	364.54
FY 77	4	62,106.20	13,487.27	75,593.47	205	4,546,164.27	368.73
FY 78	4	104,500.00	34,700.00	139,200.00	245	5,000,000.00	563/16

GRAM: Small Business Revolving Loan Fund

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan	
FY 75								
processing	3	57,593	17,404	72,302	105	6,605,009	\$688	
collections	<u>.7</u>	<u>14,398</u>	<u> </u>	<u>17,404</u>	88	4,098,925	<u>\$194</u>	
	3.7	71,991	17,404	89,395	88			
FY 76								
processing	1.8	45,338	12,948	58,286	79	5,917,609	\$737	
collections	<u>.5</u>	<u>11,334</u>	<u>2,207</u>	<u>13,541</u>	113	6,160,805	\$120	
	2.3	56,672	15,155	71,827				
FY 77								
processing	2.4	61,583	21,941	83,524	109	7,865,955	766	
collections	.6	15,395	3,960	19,355	145	8,296,189	133	
	3.0	76,978	25,901	102,879				
FY 78	In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development.							

PROGRAM:

Commercial Fishing Revolving Loan Fund

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75							
processing	3	57,593	14,709	72,302	105	4,122,099	688
collections	<u>.7</u>	<u>14,398</u>	<u>2,965</u>	<u>17,093</u>	76	2,819,829	224
	3.7	71,991	17,404	89,395			
FY 76							
processing	4.3	104,800	28,740	133,540	184	8,533,310	726
collecting	<u>1.0</u>	<u>26,200</u>	<u>7,185</u>	<u>33,385</u>	141	5,724,919	236
	5.3	131,000	35,925	166,925			
FY 77							
processing	5.7	138,031	46,785	184,816	244	10,695,498	757
collecting	<u>1.4</u>	<u>34,507</u>	<u>9,713</u>	<u>44,220</u>			
	7.1	172,538	56,498	229,036			
FY 78	In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development.						

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	1	10,452	12,296	22,748	19	3,055,248	1197
FY 76	1	11,711	12,488	24,199	18	2,237,499	1344
FY 77	1	7,850	10,270	18,120	16	1,988,716	1133
FY 78	COMBINED WITH OTHER LOANS UNDER DIVISION OF BUSINESS LOANS IN FY 78						

GRAM:

Child Care Facilities Revolving Loan Fund

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan	
FY 75	NO ACTIVITY							
FY 76	NO ACTIVITY							
FY 77								
processing	.04	1061	380	1441	2	20,000	720	
collections	<u>.01</u>	<u>265</u>	<u>73</u>	<u>338</u>	1	9,691	338	
	.05	1326	453	1779				
FY 78		In FY 78 several loan programs were consolidated under the Department of Business Loans in the Department of Commerce and Economic Development.						

GRAM: Water Resources Revolving Loan Fund

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	NO ACTIVITY						
FY 76	NO ACTIVITY						
FY 77							
Processing	.04	1061	380	1441	2	600,000	720
collections	<u>.01</u>	<u>265</u>	<u>73</u>	<u>338</u>	1	450,000	338
	.05	1326	453	1779			
FY 78	In FY 78 several loan programs were consolidated under the Department of Business Loans in the Department of Commerce and Economic Development.						

GRAM: Fisheries Enhancement Loan Program

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75	NO ACTIVITY						
FY 76	NO ACTIVITY						
FY 77 processing	.08	2,123	761	2,884	4	1,600,000	721
collecting	<u>.02</u>	<u>530</u>	<u>148</u>	<u>678</u>	1	1,400,000	678
	.1	2,653	909	3,562			
FY 78	In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development.						

GRAM:

Tourism Revolving Loan Fund

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan	
FY 75								
processing	.8	10,016	2,556	12,572	18	8,983,925	698	
collections	<u>.2</u>	<u>2,504</u>	<u>468</u>	<u>2,972</u>	14	4,808,425	212	
	1.0	12,520	3,024	15,544				
FY 76								
processing	.4	6,256	1,828	8,084	11	3,816,725	734	
collections	<u>.1</u>	<u>1,564</u>	<u>315</u>	<u>1,879</u>	21	8,611,947	89	
	.5	7,820	2,143	9,963				
FY 77								
processing	.24	6,370	2,199	8,563	11	5,749,857	779	
collections	<u>.06</u>	<u>1,592</u>	<u>448</u>	<u>2,040</u>	24	10,076,750	85	
	.30	7,962	2,647	10,608				
FY 78	In FY 78 several loan programs were consolidated under the Division of Business Loans in the Department of Commerce and Economic Development							

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 75			2,942	2,942	20	439,585	147
FY 76			4,740	4,740	20	390,699	237
FY 77			9,023	9,023	20	379,350	451
FY 78	CONSOLIDATED WITH SEVERAL OTHER LOAN PROGRAMS UNDER DIVISION OF BUSINESS LOANS IN FY 78						

PROGRAM: DIVISION OF BUSINESS LOANS/COMBINED PROGRAMS

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 78	8.8	259,840	87,640	347,480	500		695
Processing	<u>2.2</u>	<u>64,960</u>	<u>13,260</u>	<u>78,200</u>	1000		78
Collections	11	324,800	100,900	425,700			

GRAM:

ALASKA HOUSING FINANCE CORPORATION

INFO IN COMPLETE

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
FY 77 (Dec. 1, 1976 to Nov. 30, 1977)	10			265,850	2365		\$112.41
FY 78	10			341 800	1750, est.		195.31

The data sheets attached relate specifically to the Veterans Loan Program and the Agricultural Loan Program. These two were chosen as examples of programs at opposite ends of the spectrum as evidenced by their delinquency rate. Budget and Audit recently completed an audit on the Agricultural Loan Program and found that of roughly \$4 million outstanding in loans, \$1.4 million was delinquent. This was chosen as the "worst" case, primarily because it is the only loan program that has been recently audited. The Veterans Loan Program has not been audited since February, 1975, but at that time 10.2% of the outstanding loans were delinquent - in excess of \$5 million. In a recent conversation with the Assistant Director of Veterans Loans, the current rate of delinquency was stated as being under 2%. There is no way of determining the accuracy of this information at the present time.

The Veterans Loan Program presently is operating 3 regional offices, one each in Juneau, Anchorage, and Fairbanks. The Agricultural Loan Program has an office in Palmer and loans are processed through this office only.

The attached sheets break down the costs of the loan programs by number of employees and workload for each year since 1975.

AGRICULTURE REVOLVING LOAN FUND
PRO FORMA BALANCE SHEET - CASH BASIS
June 30, 1976

ASSETS:

Cash in Transit	\$ 43,525
Cash in Treasury	166,715
Loans Receivable	3,764,294
Allowance for Uncollectable Loans	<u>(640,480)</u>
Total Assets	<u>\$3,334,054</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Due General Fund	\$ 150,000
Reserve for Encumbrances	<u>-0-</u>
Total Liabilities	<u>150,000</u>
Fund Balance:	
General Fund Contributions	3,440,000
Retained Earnings	<u>(255,946)</u>
Total Fund Balance	<u>3,184,054</u>
Total Liabilities and Fund Balance	<u>\$3,334,054</u>

The above Pro Forma Balance Sheet has been adjusted to give retroactive recognition as of June 30, 1976, to an allowance for uncollectable loans in the amount of \$640,480.

AGRICULTURE REVOLVING LOAN FUND
 SCHEDULE OF DELINQUENT LOANS
 June 30, 1976 and January 31, 1977

Name	Loan No. Int. Rate	Date	Originals		Principal Balance 6/30/76	Amount of Payment	No. of Payments Past Due	Principal Balance 1/31/77 (1)	No. of Payments Past Due	Comments
			Amount	Matures						
Bannon	C-515-6	8-19-71	\$ 2,394	8-19-76	\$ 712	\$ 281-S/A	1	\$ 712	2	
Bannon	IR-7-4	5-14-70	10,350	12-31-76	4,974	860-S/A	4	4,974	6	
Bannon	IR-30-4	7- 2-70	11,000	7- 2-80	7,427	1,357-A	2	7,427	3	
Depriest	IR-13-4	12-10-70	16,000	5-10-80	12,105	471-Q	8	11,159	8	
Devillbiss	IR-24-4	10-23-70	13,000	10-23-80	11,980	Beg. 10-71 146-M	35	11,980	42	
Devillbiss	IR-37-4	1-28-71	16,000	1-28-81	13,747	Beg. 10-71 173-M	29	13,449	30	
Hartman	C-575-6	8-30-74	54,000	7-25-81	50,305	789-M	13	50,305	20	
Hartman	C-594-6	4-30-75	44,750	4-25-78	41,280	1,361-M	10	41,280	17	
Lewis	F-292-6	4-15-74	37,431	3-15-94	36,790	1,620-S/A	2	36,790	3	
Lewis	IR-4-4	5-21-70	20,000	5-20-77	9,615	1,650-S/A	4	9,615	5	
Lewis	IR-44-4	8-16-72	5,531	8-16-77	3,490	1,236-A	1	3,490	2	
Mothershead	F-261-5½	3-15-72	12,000	2-15-97	12,000	76-M	47	12,000	12	
Vickaryous	IR-9-4	12-31-71	27,000	6-15-81	21,332	303-M	20	21,332	27	
Vickaryous	IR-36-4	12-31-71	18,000	6-15-81	14,222	202-M	20	14,222	27	
Wolverine	F-230-5½	12- 9-70	100,000	4- 9-98	98,293	600-M	7	96,779	5	
Barnett	F-162-4½	6-10-64	6,000	6- 9-84	2,881	40-M	5	2,881	12	
Cowell	C-444-5½	4- 1-68	8,400	3-31-75	8,398	Beg. 4-69 1,200-A+	8	8,398	8	
McKee	C-525-6	11-12-71	7,000	12-10-76	5,967	136-M	33	5,959	-0-	(Extended 11-4-7
McKee	F-165-4½	6-15-64	11,000	6-15-84	8,073	65-M	19	8,073	-0-	" "
McKee	F-211-5½	10- 9-70	65,156	10- 9-90	64,600	455-M	36	64,600	-0-	" "
McKee	F-238-5½	4-28-71	15,000	5- 1-91	14,779	108-M	17	14,779	-0-	" "
McKee	F-304-6	7- 9-75	27,490	7- 9-90	27,430	236-M	4	27,430	-0-	" "
OHM Inc.	F-220-5½	12- 1-72	37,000	12- 1-91	37,000	3,188-A	2	37,000	3	
OHM Inc.	F-228-4	12- 1-72	16,000	12- 1-82	16,000	979-S/A	6	16,000	7	
OHM Inc.	F-244-5½	12- 1-72	40,000	12- 1-91	40,000	3,447-A	2	40,000	3	
OHM Inc.	F-266-5½	12- 1-72	32,103	12- 1-94	32,103	2,552-A	2	32,103	3	
OHM Inc.	IR-23-4	7- 1-70	80,000	10- 1-90	79,989	4,000-A	5	79,989	6	
Becker/ Johnson	S-735-6	11-27-72	6,000	11-27-73	5,379	+ Int. 200-M for 11 Mo. Balloon 11/73	12	5,379	12	
Becker/ Johnson	F-240-5½	7-26-71	25,000	7-26-91	23,751	2,092-A	2	23,751	1	
Jefferson	F-167-6	5-15-71	16,500	9- 1-84	11,865	150-M	3	11,361	2	
Clark	S-728-6	6-23-72	3,000	6-23-73	2,751	1,500-A	2	2,751	2	
Doll	F-247-5½	10- 1-71	30,000	10- 1-91	30,000	217-M	36	30,000	43	
Doll	F-259-5½	2-23-72	15,000	2-23-77	14,825	277-M	45	14,825	52	
Fett	S-632-6	5- 8-70	13,800	5- 7-71	8,818	In Full 71	1	8,818	1	

STATE OF ALASKA

18 (a)

DIVISION OF LEGISLATIVE AUDIT

AGRICULTURE REVOLVING LOAN FUND
 SCHEDULE OF DELINQUENT LOANS
 June 30, 1976 and January 31, 1977

Name	Loan No. Int. Rate	Date	Originals Amount	Matures	Principal Balance 6/30/76	Amount of Payment	No. of Payments Past Due	Principal Balance 1/31/77 (1)	No. of Payments Past Due	Comments
Fetts Mt. View Farm	S-666-6	4-27-71	\$ 13,500	4- 7-72	\$ 13,500	In Full 72	1	\$ 13,500	1	
Fetts Mt. View Farm	C-549-6	9-29-72	28,277	11-15-77	27,950	550-M	43	27,950	50	
Fetts Mt. View Farm	F-264-5½	5-10-72	13,000	8-10-92	13,000	90-M	49	13,000	56	
Fetts Mt. View Farm	F-226-5½	11- 3-70	137,027	11- 3-90	137,061	832-M	54	137,061	52	
Fett	IR-14-4	5-25-70	40,272	12-15-77	37,495	3,310-S/A	9	37,495	10	
Green, Dennis	IR-15-4	5-11-70	5,300	11-15-77	1,283	435-S/A	1	460	-0-	
Gurd, Royce	F-307-6	6-18-75	4,500	5- 1-78	3,876	830-S/A	1	3,876	2	
Sanderson	F-257-5½	12-31-71	2,200	12-23-76	2,169	43-M	41	950	17	
Sturgis	S-795-6	5-17-74	20,998	5-17-75	12,592	In full 75	1	12,592	1	
Sturgis	F-277-5½	5-10-73	75,600	2- 1-93	73,053	6,327-A	2	-0-	-0-	Assumed by 3rd party
Aleutian. Livestock	F-232-5½	12- 7-70	120,000	12-15-77	111,045	10,000-73 20,000-74 30,000-75-76-77	3	111,675	4	
Vickaryous	S-830-6	5-21-75	25,000	5-21-76	25,000	In full 76	1	25,000	1	
Wilson	C-500-6	4-20-73	4,300	4-20-78	2,846	1,021-A	1	1,961	-0-	
Bramond	S-603-6	4-19-69	1,900	4-18-70	571	950-S/A	1	570	1	Written off March 24, 1977
Bramond	C-454-5½	11-10-68	6,269	11-10-73	5,528	625-S/A	9	5,528	9	" "
Loud	S-497-6	4- 5-65	5,000	10- 1-75	2,176	100-M	22	2,176	22	" "
Kelly	C-280-5	6-23-63	5,400	5-22-68	2,658	105-M	25	2,658	25	" "
Mothershead	C-546-6	5-25-72	1,613	11-25-72	576	In full 72	1	576	1	" "
Poindexter	S-576-6	6-20-67	2,000	6-19-68	1,908	In full 68	1	1,908	1	" "
Poindexter	C-422-5½	5-23-67	1,200	5-22-72	684	250-A	3	684	3	" "
Poindexter	C-424-5½	6-20-67	750	6-10-70	750	250-A	3	750	3	" "
Poindexter	C-430-5½	8- 3-67	2,000	8- 3-68	2,000	In full 68	1	2,000	1	" "
Richmond	C-469-5½	11-15-69	21,280	11-15-74	21,280	4,256-A	5	21,280	5	" "
Smith	S-667-6	4-14-71	800	4-14-72	800	In full 72	1	800	1	" "
Kodiak Slaughter House	KSH-1-4	11- 1-71	125,000	1-15-97	125,000	I/O 1-15-78 Then 1,000-M	*	125,000	*	*Interest was 3 yr. delinquent at 1/31/77

STATE OF ALASKA

18(b)

DIVISION OF LEGISLATIVE AUDIT

AGRICULTURE REVOLVING LOAN FUND
 SCHEDULE OF DELINQUENT LOANS
 June 30, 1976 and January 31, 1977

<u>Name</u>	<u>Loan No.</u> <u>Int. Rate</u>	<u>Date</u>	<u>Amount</u>	<u>Matures</u>	<u>Principal</u> <u>Balance</u> <u>6/30/76</u>	<u>Amount</u> <u>of</u> <u>Payment</u>	<u>No. of</u> <u>Payments</u> <u>Past Due</u>	<u>Principal</u> <u>Balance</u> <u>1/31/77</u>	<u>No. of</u> <u>Payments</u> <u>Past Due</u>	<u>Comments</u>
Kodiak Slaughter House	KSH-2-4	9-8-72	\$ 25,000	1-15-98	\$ 25,000	I/O 1-15-74 Then 1,000-M	*	\$ 25,000	*	*Interest was 1 yr. delinquent at 1/31/77
			<u>\$1,530,091</u>		<u>\$1,422,682</u>			<u>\$1,344,061</u> (2)		

- (1) Statistical information at January 31, 1977 is presented to allow a comparison of more recent loan status with status at June 30, 1976. This information is not intended to represent total ARLF delinquent loans at January 31, 1977, since loans which became delinquent during the period June 30, 1976 to January 31, 1977 have not been added to this schedule.
- (2) The decrease in principal amount due at January 31, 1977 of approximately \$80,000 under the amount due at June 30, 1976, is largely attributable to the assumption of loan No. F-277, in the amount of \$73,053, by a 3rd party.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH M. - JUNEAU 99811

August 12, 1977

RECEIVED

AUG 16 1977

LEGISLATIVE
AUDIT

Mr. Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit
Pouch W
Alaska Office Building
Juneau, Alaska 99801

Dear Mr. Wilkerson:

In connection with your letter of July 22, 1977, forwarding a copy of the Preliminary Audit "A Review of Alaska Agricultural Revolving Loan Fund, Department of Natural Resources, July 1, 1975 - June 30, 1976" the following responses apply:

- a. Agree with recommendation number 1. An uncollectible allowance should become a part of the ARLF accounting system. The ARLF disagrees with the amount recommended. Following the audit recommendation would require establishment of a "probable recovery through litigation account" for the same reasons that the high uncollectible allowance had to be established. The next Loan Board meeting will consider recommendations for an uncollectible allowance.
- b. Agree with recommendation number 2. ARLF has implemented improved aging flagging procedures to preclude the problem from recurring, including rearrangement of both physical office and specific personnel assignments.
- c. Agree with recommendation number 3 to the extent of the concept of acceleration of loan repayment when a borrower is no longer engaged in agriculture. To this end, accelerated repayment schedules are presently being pursued where the condition exists in previously executed notes. The advisability of a rigid statutory provision requiring loans to be repaid in full if borrowers permanently cease agricultural activities is questioned as to whether it solves a problem without creating significant new ones.
- d. Agree with recommendation number 4. ARLF conforms to this recommendation regarding title insurance and property appraisals on large loans secured by real property.

e. Agree with recommendation number 5. Present operating policy uses concurrence in loan guarantee requests by the Loan Board President, affected area Board Member, and the Loan Administrator. Loan guarantees are not used if at all avoidable.

1. A monetary limit represents a "responsible need" rather than a "reasonable amount". Any guarantee is used within the requirements of statutes, regulations and policies of the ARLF.

2. ARLF policy has been that 90 days is the maximum guarantee period established; that policy continues.

3. Advance review of the Board is in use and will be continued.

4. It is a recognized requirement that the sum of loan guarantees plus ARLF loans outstanding must not exceed the statutory loan authority.

f. Agree with recommendation number 6 regarding accuracy of statistical reports. ARLF recently has improved capability of record keeping with respect to accuracy through staffing and procedures.

Delinquency measurement has been discussed for years. ARLF has historically used the method described and, in discussions with banking officials, has found the procedure similar to theirs. ARLF has no major objection to reporting on a number-of-loans basis; however, ARLF sees no major value to it. ARLF's opinion is that dollar measurements are more valuable than numbers of instances as a percentage.

g. Agree with recommendation number 7. The Loan Examiner in coordination with our Fiscal Officer will establish a separate receipt code for allocation of service fees and will revise the procedure in regard to interest collected and interest expense on loans sold to Treasury. Once service fees are separated it appears we could handle the interest collected/interest expense in the same manner as we have and by adjustment voucher reduce both items to zero at year end so no overstatement would occur.

h. Agree with recommendation number 8. The method currently in use is preferred and a 360 day year for interest computation appears to be the standard in private banking institutions. However, the fact that interest on farm development loans and chattel loans is limited to six percent by AS 03.10.030 and the use of a 360 day year results in payment of approximately 6.01% interest, means the statutory limit on interest is exceeded. Accordingly, the Loan Administrator will now insure that interest is computed using a 365 day year factor.

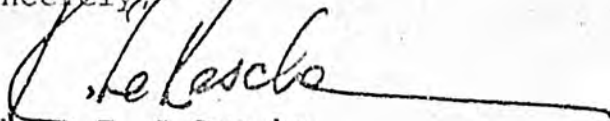
Mr. Gerald Wilkerson

-3-

August 12, 1977

i. Agree with recommendation number 9. The conversion of a seasonal position to year around status together with the recent hire of a Loan Examiner to fill a long vacant but needed position, should provide the staffing capability to fulfill the recommendation. In addition, fire-safe file facilities have been secured which provide more efficient access for records maintenance.

Sincerely,



Robert E. LeResche
Commissioner

cc: Director, Agriculture
ARLF Loan Administrator
State Veterinarian
Fiscal Officer

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
1977-1978	4	\$104,500.00	\$34,700.00	\$139,200.00	245	\$5,000,000.00	\$563.16
1976-1977	4	\$ 62,106.20	\$13,487.27	\$ 75,593.47	205	\$4,546,164.27	\$368.73
1975-1976	4	\$ 63,079.74	\$11,680.63	\$ 74,760.37	207	\$4,270,851.30	\$364.54
1974-1975	4	\$ 60,571.28	\$17,667.02	\$ 78,238.30	245	\$4,185,590.39	\$247.23

<u>Bank Service Charges</u>		
<u>Cost Per Loan</u>	<u>Cost Per \$ of Loan</u>	<u>Average Loan Cost</u>

N/A

<u>Direct Cost</u>	<u>Cost to Borrower</u>		
	<u>Service Fees</u>	<u>Discount Fees</u>	<u>Average Loan Cost</u>

Interest On			*
Loan	None	None	**

* Title Insurance when required

** Appraisal fee when applicable

INFORMATION COMPILED BY:

PROGRAM FISCAL ACTIVITIES

Staff *		Other Expenses					Workload			
<u>Title</u>	<u>No. of Positions</u>	<u>Total Salary & Benefits</u>	<u>Travel</u>	<u>Professional Fees & Services</u>	<u>Other Contractual</u>	<u>All Other</u>	<u>Total</u>	<u>No. of Loans</u>	<u>\$ Amount of Loans</u>	<u>COST PER WORKLOAD</u>
Loan Administrator	1									
Loan Examiner (Vacant)	1									
Acctg. Clerk III, PFT	1									
Clerk Typist II, PPT	1	\$63,079.74	\$6,022.28	\$165.87	\$4,517.14	\$976.21	\$11,680.63	207	\$4,270,851.30	\$364.54

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

INFORMATION COMPILED BY: PROGRAM FISCAL ACTIVITIES

Title	No. of Positions	Total Salary & Benefits	Other Expenses				Total	Workload		
			Travel	Professional Fees & Services	Other Contractual	All Other		No. of Loans	\$ Amount of Loans	COST PER WORKLOAD
Loan Administrator	1									
Loan Examiner (Vacant)	1									
Acctg. Clerk III, PFT	1									
Clerk Typist II, PPT	1	\$62,106.20	\$5,977.01	\$14.54	\$5,006.47	\$2,489.25	\$13,487.27	205	\$4,546,164.27	\$368.73

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

INFORMATION COMPILED BY:

PROGRAM LOCAL ACTIVITIES

<u>Cost Per Loan</u>	<u>Bank Service Charges</u>	
	<u>Cost Per \$ of Loan</u>	<u>Average Loan Cost</u>

N/A

<u>Direct Cost</u>	<u>Cost to Borrower</u>		
	<u>Service Fees</u>	<u>Discount Fees</u>	<u>Average Loan Cost</u>

Interest on Loan	None	None	* **
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* Title Insurance when required

** Appraisal fee when applicable

Title	Staff *		Other Expenses				Workload			
	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	\$ Amount of Loans	COST PER WORKLOAD
Loan Administrator	1									
Loan Examiner	1									
Acctg. Clerk, III, PFT	1									
Clerk Typist II, PFT	1	\$104,500.00	\$14,000.00	\$11,000.00	\$8,500.00	\$1,200.00	\$34,700.00	245	\$5,000,000.00	\$568.16

* If the staff is divided between loan processing and loan

APPLICANT

DEPARTMENT OF NATURAL RESOURCES
(Approves/Disapproves)

AGRICULTURE REVOLVING LOAN FUND BOARD

- 1) Commissioner of Natural Resources, provides general administrative direction.
- 2) Director, Agriculture Revolving Loan Fund Program
- 3) Administrator, Agriculture Revolving Loan Fund Program

DUTIES: 1) Evaluates
2) Determines conditions of loan
3) Approves/Disapproves

AGRICULTURE
REVOLVING LOAN FUND PROGRAM



Veterans' Revolving Loan Fund
Per Legislative Audit Report

July 1, 1973-February 28, 1975

SCHEDULE OF DELINQUENT LOANS

On February 28, 1975 there were 1,790 individual loans, exceeding \$50.3 million posted to the "loan fund accounting system". On the same day, the value of "loans closed" and "loans in progress" posted to the State's General Ledger, exceeded \$57 million. Of the \$6.6 million difference, \$3.7 million was not readily reconcilable (see Finding No. 5).

A review of the delinquency list revealed that 13.1% of the loans, or 10.2% of the dollars outstanding were delinquent. The actual breakdown is as follows (see Finding No. 4):

Days Delinquent	TOTAL		JUNEAU		ANCHORAGE		FAIRBANKS	
	No. of Loans	\$ Amount	No. of Loans	\$ Amount	No. of Loans	\$ Amount	No. of Loans	\$ Amount
30-60	57	\$1,465,176.47	16	\$ 435,121.71	30	\$ 725,589.96	11	\$ 304,464.80
61-90	36	945,071.90	17	476,687.78	11	300,733.20	8	167,650.92
91-120	32	679,258.66	12	146,939.56	16	351,522.08	4	180,797.02
over 120	108	2,017,404.31	16	215,049.54	60	1,280,001.58	32	522,353.19
	<u>233</u>	<u>\$5,106,911.34</u>	<u>61</u>	<u>\$1,273,798.49</u>	<u>117</u>	<u>\$2,657,846.82</u>	<u>55</u>	<u>\$1,175,265.93</u>

PROGRAM: Division of Veterans Affairs (Loans)

Year	No. Employees	Salary/Benefits	Travel/Other	Grand Total	No. of Loans	\$ Amt Loans	Cost per Loan
Budget 77 - 78	38	851.1 M	275.7 M	1,126.8 M	2,100	97 MM	\$536.57
Actual 76 - 77	37	743.6 M	606.6 M	1,350.2 M	1,254	57 MM	\$1,076.71
Actual 75 - 76	31	635.0 M	208.9 M	843.9 M	1,160	54 MM	\$727.50
Actual 74 - 75	30	436.0 M	172.3 M	608.3 M	1,164	46 MM	\$522.59

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

Check One: 1977-78 Budget () Page 1
 1976-77 Actual () of 2
 1975-76 Actual ()
 1974-75 Actual (x)

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Title	Staff *		Other Expenses					workload		
	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	\$ Amount of Loans	COST PER WORKLOAD
(A)	26.7M	388.0M	11.5M	36.2M	86.2M	19.5M	541.4M			
(B)	3.3M	48.0M	1.4M	4.5M	10.6M	2.4M	66.9M			
TOTAL:	30.0M	436.0M	12.9M	40.7M	96.8M	21.9M	608.3M	1,164	\$46MM	\$ 522.59

(A) Loan Processing
 (B) Loan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget () Page 2
1976-77 Actual () of 2
1975-76 Actual ()
1974-75 Actual (X)

<u>Bank Service Charges</u>		
<u>Cost Per Loan</u>	<u>Cost Per \$ of Loan</u>	<u>Average Loan Cost</u>

NONE

<u>Cost to Borrower</u>			
<u>Direct Cost</u>	<u>Service Fees</u>	<u>Discount Fees</u>	<u>Average Loan Cost</u>

\$50 application
Fee.

7½%

½ of 1% Commit-
ment Fee(One
time charge)

½ of 1% included
in the 7½% annual
interest charge.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

Check One: 1977-78 Budget () Page 1
 1976-77 Actual () of 2
 1975-76 Actual (x)
 1974-75 Actual ()

INFORMATION COMPILED BY: James A. Lynn, Jr. PROGRAM FISCAL ACTIVITIES

Title	Staff *		Other Expenses					No. of Loans	\$ Amount of Loans	COST PER WORKLOAD
	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total			
(A)	26.4	539.8M	14.3M	48.7M	101.6M	13.0M	717.4M			
(B)	4.6	95.2M	2.5M	8.6M	17.9M	2.3M	126.5M			
TOTAL:	31.0	635.0M	16.8M	57.3M	119.5M	15.3M	843.9M	1,160	\$54MM	\$727.50

(A) Loan Processing
 (B) Loan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget () Page 2
1976-77 Actual () of 2
1975-76 Actual (x)
1974-75 Actual ()

<u>Bank Service Charges</u>		
<u>Cost Per Loan</u>	<u>Cost Per \$ of Loan</u>	<u>Average Loan Cost</u>

NONE

<u>Cost to Borrower</u>			
<u>Direct Cost</u>	<u>Service Fees</u>	<u>Discount Fees</u>	<u>Average Loan Cost</u>

\$50 Application
Fee.

7½%

½ of 1% Commitment
Fee(one time charge)

½ of 1% included
in the 7½% annual
interest charge.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

Check One: 1977-78 Budget () Page 1
 1976-77 Actual (X) of 2
 1975-76 Actual ()
 1974-75 Actual ()

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Title	Staff *		Other Expenses				All Other	Total	No. of Loans	\$ Amount of Loans	COST PER WORKLOAD
	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual						
(A)	33	661.8M	35.6M	73.3M	368.2M	62.8M	1201.7M	1,254	\$57MM	\$1,076.71	
(B)	4	81.8M	4.4M	9.1M	45.5M	7.7M	148.5M				
TOTAL:	37	743.6M	40.0M	82.4M	413.7M	70.5M	1350.2M				

(A) Loan Processing
 (B) Loan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Check One: 1977-78 Budget () Page 2
1976-77 Actual (X) of 2
1975-76 Actual ()
1974-75 Actual ()

Bank Service Charges		
<u>Cost Per Loan</u>	<u>Cost Per \$ of Loan</u>	<u>Average Loan Cost</u>

None

Cost to Borrower			
<u>Direct Cost</u>	<u>Service Fees</u>	<u>Discoun Fees</u>	<u>Average Loan Cost</u>

\$50 Application Fee. $\frac{1}{2}$ of 1% Included in the $7\frac{1}{2}\%$ interest charge.

$\frac{1}{2}$ of 1% Commitment Fee (one time item)

$7\frac{1}{2}\%$

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

Check One: 1977-78 Budget (X) Page 1
 1976-77 Actual () of 2
 1975-76 Actual ()
 1974-75 Actual ()

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

Title	Staff *		Other Expenses					workload		
	No. of Positions	Total Salary & Benefits	Travel	Professional Fees & Services	Other Contractual	All Other	Total	No. of Loans	\$ Amount of Loans	COST PER WORKLOAD
(A)	34	757.5M	38.5M	112.7M	38.6M	55.6M	1,002.9M			
(B)	4	93.6M	4.7M	13.9M	4.8M	6.9M	123.9M			
Total:	38	851.1M	43.2M	126.6M	43.4M	62.5M	1,126.8M	2,100	\$97MM	\$536.57

(A) Loan Processing
 (B) Loan Collections

* If the staff is divided between loan processing and loan collections, please identify those persons associated with each.

NAME OF PROGRAM: Veterans' Affairs Revolving Loan Fund

Check One: 1977-78 Budget (X) Page 2
1976-77 Actual () of 2

INFORMATION COMPILED BY: James A. Lynn, Jr.

PROGRAM FISCAL ACTIVITIES

1975-76 Actual ()
1974-75 Actual ()

<u>Bank Service Charges</u>		
<u>Cost Per Loan</u>	<u>Cost Per \$ of Loan</u>	<u>Average Loan Cost</u>
	NONE	

<u>Cost to Borrower</u>			
<u>Direct Cost</u>	<u>Service Fees</u>	<u>Discount Fees</u>	<u>Average Loan Cost</u>
\$50 Application Fee.			7½%
½ of 1% Commitment Fee(one time item)			
	½ of 1% included in the 7½% annual interest Charge.		

Veterans Revolving Loan Fund

Commissioner
Department of Commerce and
Economic Development

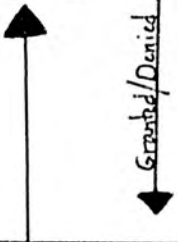
Regional Offices
1) Fairbanks
2) Anchorage
3) Juneau

Evaluates loans
Approves/Disapproves
Send recommendations
to Loan Committee

Loan Committee
1) Director, Veterans
2) Assist. Director, Veterans

Evaluates loan
Evaluates recommendations
of Regional Office
Gives final approval/disapproval
and notifies Regional office

Applicant



CHARTS

.

DIAGRAMS

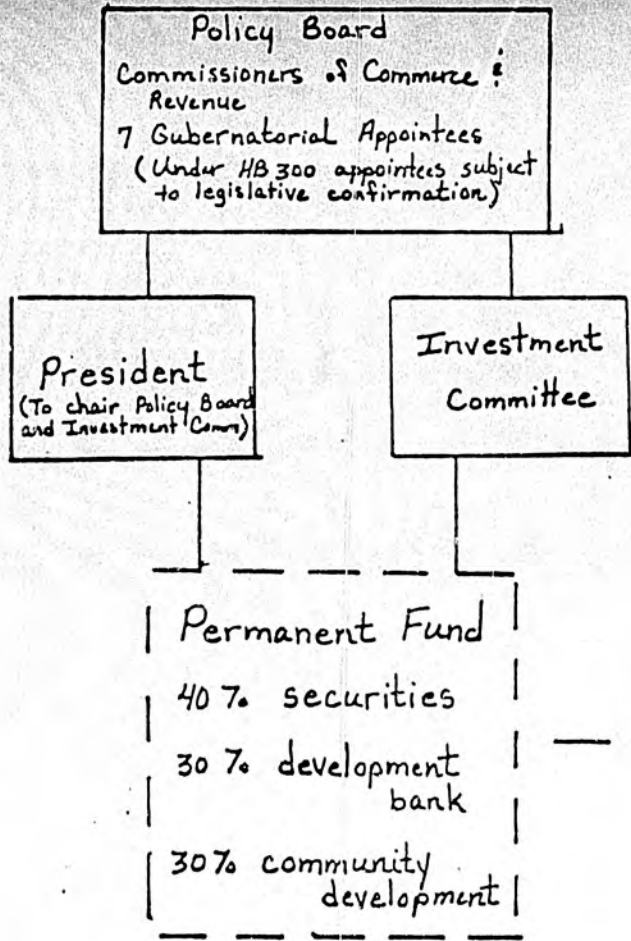
Description
Section 1

Chart 1a

Shows Permanent Fund Management Structure with the Permanent Fund placed under the Department of Revenue as an independent corporation per House Bill 298.

Chart 1b

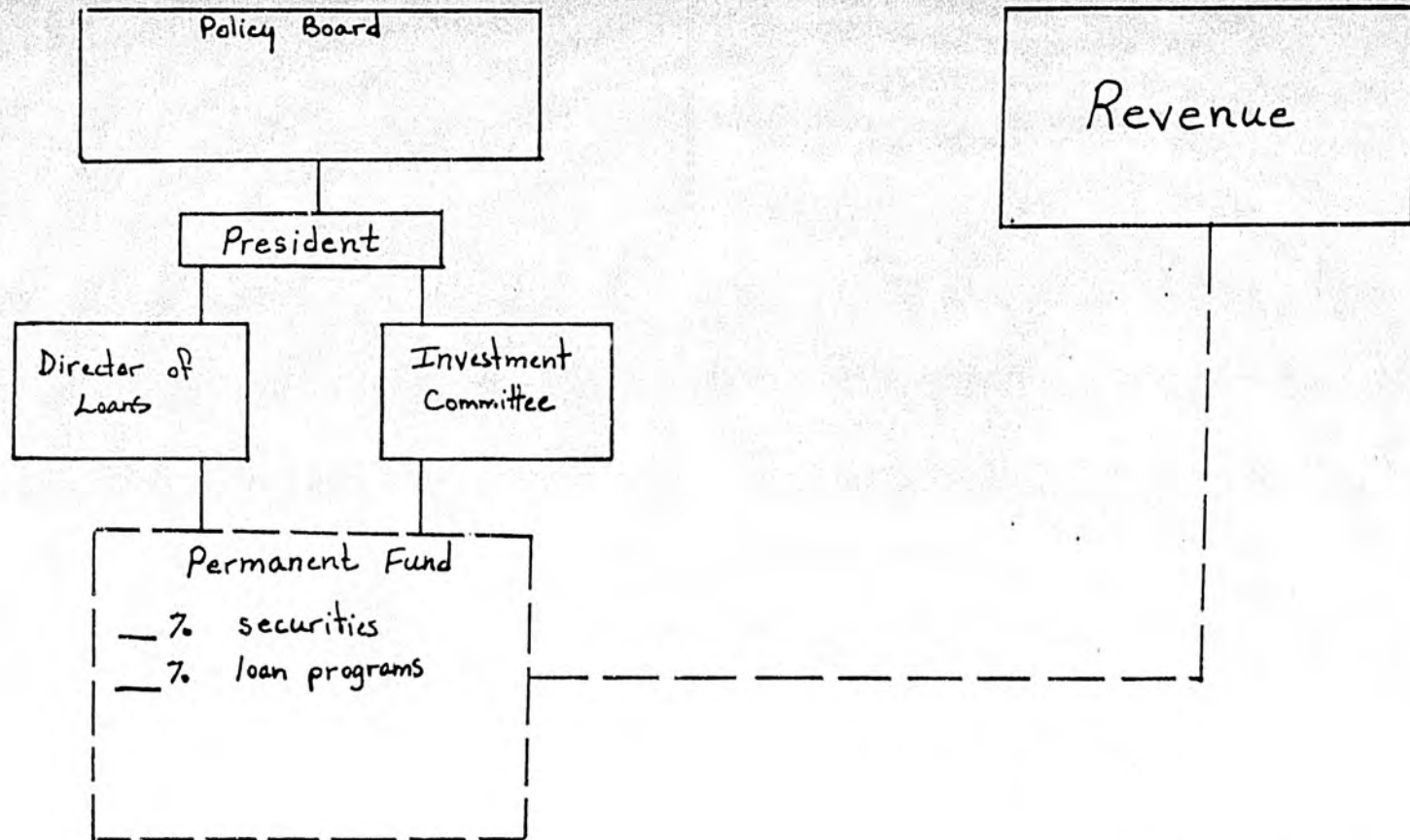
Shows an alternate structure for Permanent Fund management with the Permanent Fund placed under the Department of Revenue as an independent corporation.



REVENUE

Permanent Fund Structure
per HB's 298 and 300

----- Independent Corporation



Alternate 1
Permanent Fund Structure

----- Independent Corporation

Description
Section 2

Chart 2a

Per House Bill 298 (Governor's Bill) the Permanent Fund is designated as an independent corporation under the Department of Revenue. The Permanent Fund would invest 30% of its funds in community development, 30% in a development bank, and 40% would be invested in securities.

The six independent corporations would continue to function as they are now. The four loaning division would continue to function as they are presently under 3 separate departments. Each loaning division would continue to do its own administration and collection of loans. The Department of Revenue would continue to monitor the separate programs.

Chart 2b

Alternate #1 as presented by the Senate Committee on the Permanent Fund places the Permanent Fund as an independent corporation under the Department of Revenue. The Permanent Fund would invest a portion of its money in high grade stocks and bonds, and another portion would fund the various existing loan programs. The six independent corporations would continue to function as they are presently, and the four loaning divisions would continue as they are now doing their own administering and collection of loans.

Chart 2c

Alternate #2 as presented by the Senate Committee on the Permanent Fund is identical to Alternate #1 (Chart 2b) except that the Permanent Fund would be placed directly in the Treasury, Department of Revenue.

Chart 2d

Alternate #3 as presented by the Senate Committee on the Permanent Fund places the Permanent Fund directly in the Treasury, Department of Revenue. The existing independent corporations and separate loan divisions would be streamlined into the Alaska Loan Program. Revenue would handle the collection procedures of all loans and Administration would do the accounting. The principal of the Fund would be invested in high grade stocks and bonds and a portion of the earnings would be used to guarantee revenue bonds which would fund the Alaska Loan Program Fund.

Chart 2d (continued)

Those earnings not used to guarantee revenue bonds would remain in the Permanent Fund.

A Citizens Advisory would be created to oversee the activity of the various departments (Revenue, Administration, and Commerce) as related to the Alaska Loan Program.

The placement of the Renewable Resource Development Fund is not known at this time and has been placed under the Department of Commerce as the most likely department for handling its activities.

The field offices listed under the Alaska Loan Program would initially be in perhaps Juneau, Anchorage, and Fairbanks but eventually would operate in other areas of the state to give easy access to the people. The field offices would do all the loan processing, granting or denying of loans, and have authority to issue warrants to loan recipients.

Attachment 2e

An explanation of the manner in which revenue bonds could be used to fund the Alaska Loan Program.

Attachment 2f

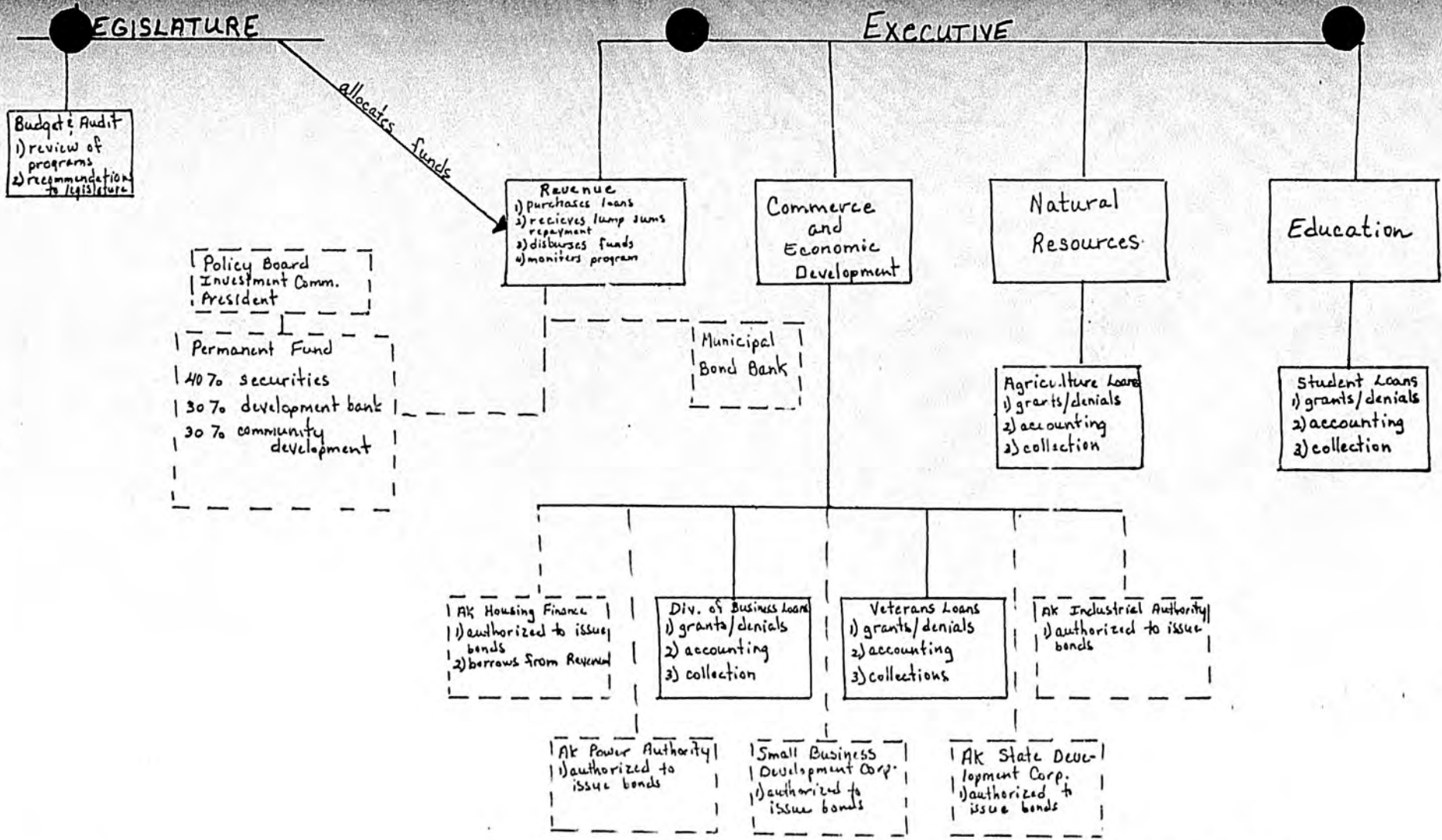
Existing duties of the Treasury Division, Department of Revenue and those that would be added were the Permanent Fund to be placed in Treasury.

Attachment 2g

Existing duties of the Division of Finance, Department of Administration and those that would be added to accommodate accounting for the Alaska Loan Program.

Attachment 2h

Duties of the Citizens Advisory as outlined in Alternate #3 (Chart 2d).



Independent Corporations

HB 298

LEGISLATIVE

EXECUTIVE

Budget & Audit
Audits programs
Makes recommendations

Ombudsman
Investigates complaints

Revenue

Commerce & Economic Dev.

Natural Resources

Education

Permanent Fund
1) Disburses funds to loan programs
2) Buys loans
3) Monitors loan program activity
4) Receives lump sum repayment

Municipal Bond Bank

Agriculture Loan
1) Grants/denials
2) Accounting
3) Collection

Scholarship Loan
1) Grants/denials
2) Accounting
3) Collection

Industrial Authority
Bonding authority

Business Loans
1) Grants/denials
2) Accounting
3) Collection

Veterans Loans
1) Grants/denials
2) Accounting
3) Collection

State Development Corp
Bonding Authority

Power Authority
Bonding authority

Housing Finance Corp.
Bonding authority

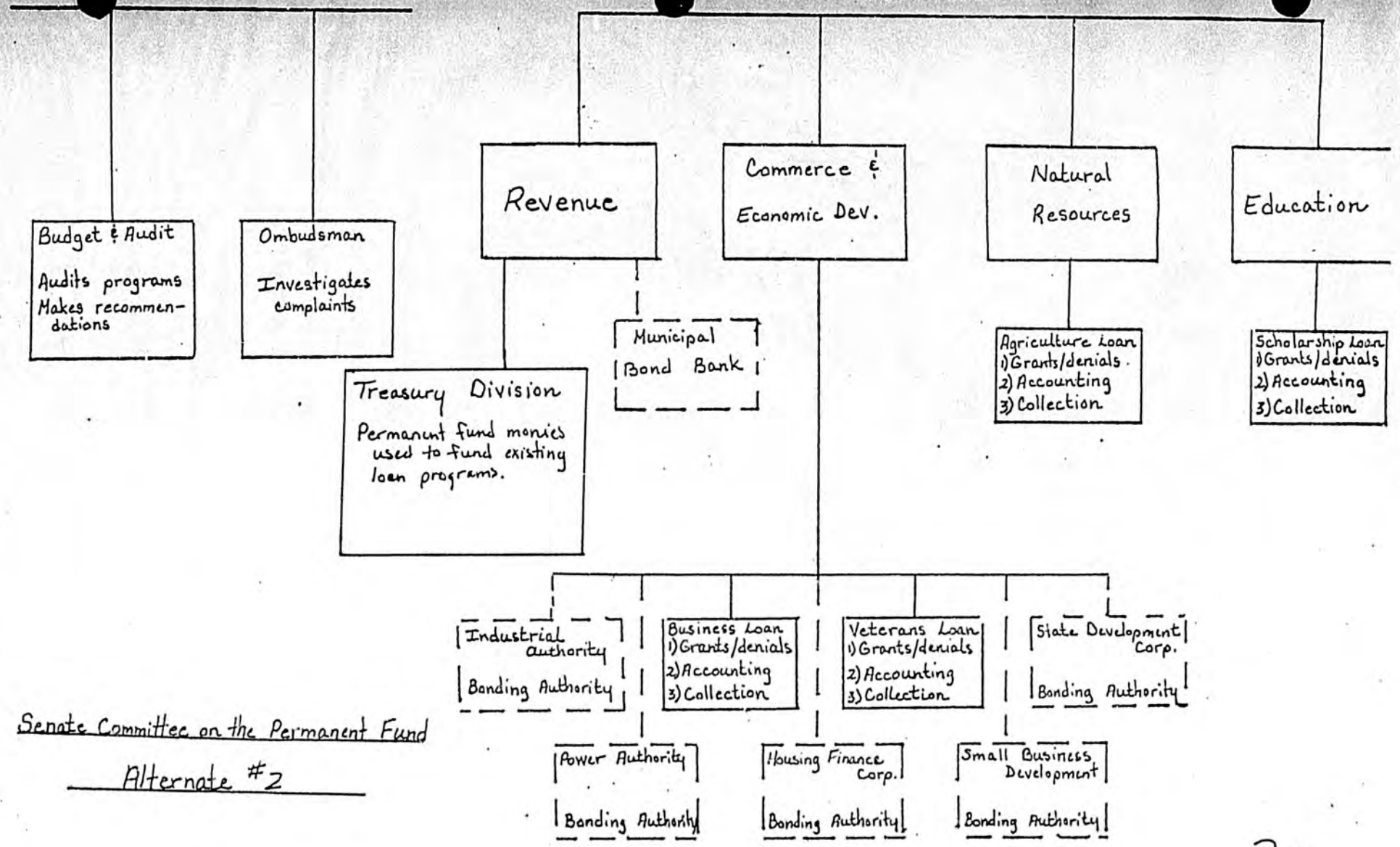
Small Business Development
Bonding authority

Senate Committee on the Permanent Fund
Alternate # 1

Independent Corporations

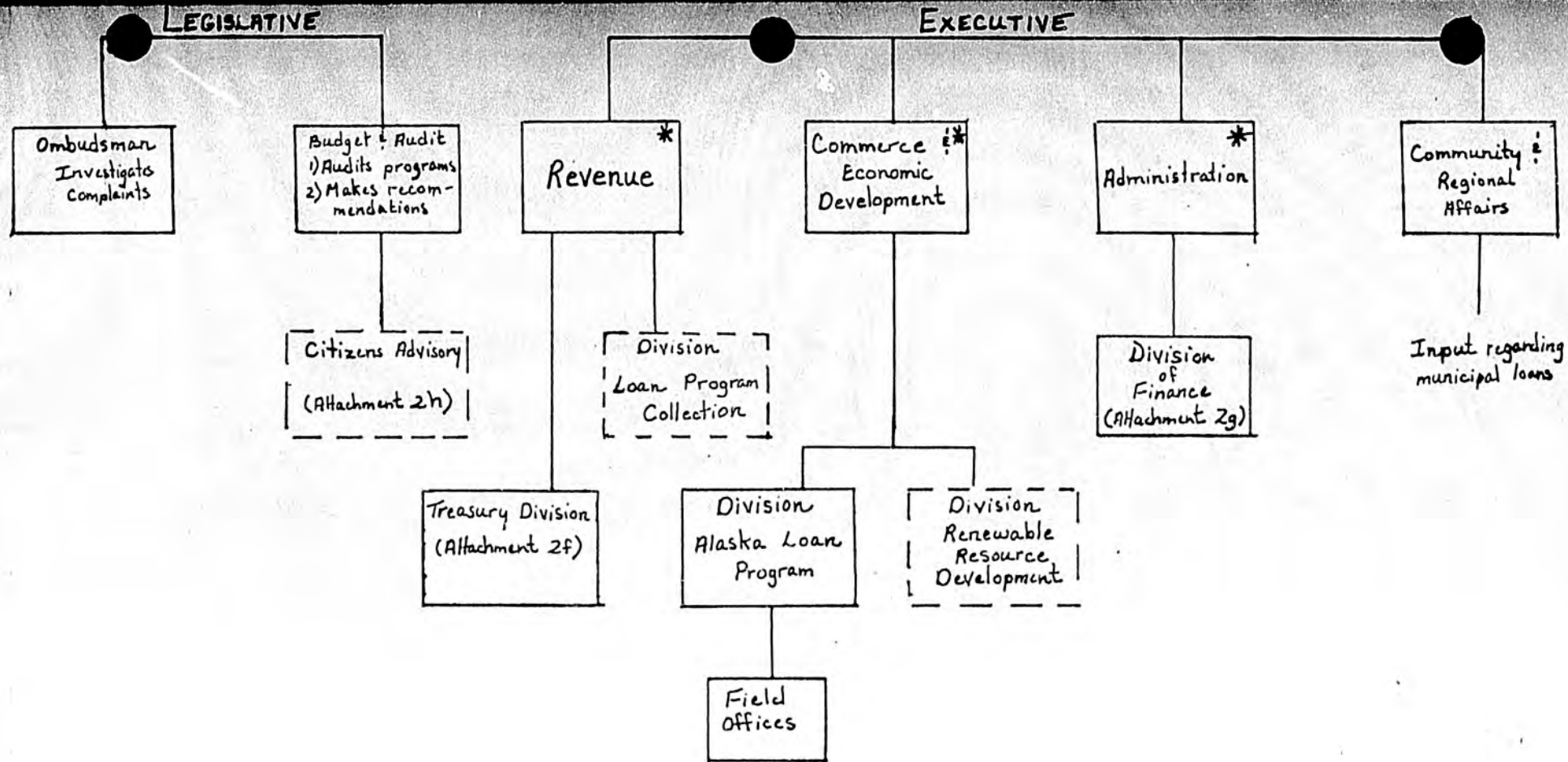
LEGISLATIVE

EXECUTIVE



Senate Committee on the Permanent Fund

Alternate #2



— — — to be created

* State bond committee issues revenue bonds to fund Alaska Loan Program.

Senate Committee on the Permanent Fund

Alternate # 3

2d

ALASKA LOAN PROGRAM FUND FINANCING ALTERNATIVES--STATE REVENUE BONDS

LEGAL BASE--Section II, Article IX, Constitution of the State of Alaska states, "The restrictions on contracting debt do not apply to debt incurred through the issuance of revenue bonds by a public enterprise or public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation. The restrictions do not apply to indebtedness to be paid from special assessments on the benefited property, nor do they apply to refunding indebtedness of the State or its political subdivisions."

ORGANIZATION--The issuance of direct revenue bonds of the State contributes to a tighter and streamlined organizational structure in contrast to creating separate corporations or authorities. The financing of the Anchorage and Fairbanks airports is a case in point. The existing agencies and departments of the Executive Department carried out the service program while the Legislature reviews the budget each year, appropriates funds and conducts post-audits of same. Thus, checks and balances are maintained. In contrast, the Alaska Housing Finance Corporation and the Alaska State Housing Authority are examples of carrying on State business through separate corporations. The Legislature only sees the non-compliance with its intent when a major problem erupts.

REVENUE BONDS--These are bonds whose principal and interest are payable exclusively from earnings of a public enterprise. That is, the users of the program pay the debt service. The tailoring of security features as well as the underlying resources determines the credit rating. The interest cost will follow the credit rating. Examples of different credit ratings are:

Valdez Port Bond Exxon AA Credit 5.50%

Valdez Port Bond Sohio A Credit 6.05%

These bonds are due in the year 2007. The point here is that if the State can borrow funds for relending to Alaskans at 6%-6.50%, it does not need to make a big profit on savings, thus enabling it to make loans available at 7%-7.50%.

The Alaska Permanent Fund can then be maintained as a "savings account", not risking any of its principal and investing in high grade stocks, bonds, and Government securities at rates of 8.50% for A bonds maturing in 2007, or U.S. Government bonds maturing in 2002 paying 7.78% as of this writing.

ALASKA
PERMANENT
FUND-----

-----The maintenance of this fund in safe haven securities would insure that, when needed in the year 2007 (or whenever), the nest egg is still there. The approach being discussed here would cause the interest earnings to be used to provide bond reserves for the revenue bonds in lieu of the General Fund. These reserves would be released in the future when each bond issue is repaid--again servicing the nest egg approach.

Treasury Division
Department of Revenue

Current Functions---

Invests state general fund and retirement fund monies.

Receives broad direction regarding general fund investment strategies from the State Investment Advisory Committee. The Retirement Fund Advisory Committee provides investment direction on a semi-annual basis.

Receives funds collected by other state agencies and places same in clearing accounts, investments, or uses monies to redeem outstanding state warrants.

Purchases state loans mandated by statute, commercial loans and mortgages, and certificates of deposit.

Maintains compensating balances (non-interest bearing) at commercial banks in exchange for warrant clearing services.

Makes loans (mortgage and commercial) from state retirement program funds at the discretion of the Commissioner.

Monitors activities of other state loan programs, receives and records payments.

Proposed Functions---

Continue to invest Permanent Fund principal--per legislative guidelines to be determined.

Invest interest from Permanent Fund and interest generated by reserve accounts of the Alaska Loan Program Fund.

Invest temporary cash from Alaska Loan Program Fund revenue bonds.

Continue to invest Renewable Resource Fund monies--per legislative guidelines to be determined.

Collection Division to be established to perform collection actions for all delinquent loans of the Alaska Loan Program Fund.

Finance Division
Department of Administration

Current Functions---

Keeps a centralized accounting system.

Maintains statistical and cost accounts.

Provides records showing at all times by funds, accounts or other pertinent classifications the amounts appropriated, estimated revenues, actual revenues and receipts.

Keeps accounts of the General Fund, the Public Employees Retirement System, and the Teachers Retirement System.

Approves vouchers and disburses funds for all purposes.

Proposed functions---

Keep accounts of the Permanent Fund.

Keep accounts of the Renewable Resources Fund.

Keep accounts of the Alaska Loan Program Fund.

Keep detailed accounts of the loans outstanding in the Alaska Loan Program Fund.

Citizens Advisory Committee (proposed)

Membership:

- 4 appointees of the Legislative Council to be confirmed by the Legislature
- 3 appointees of the Governor to be confirmed by the Legislature

Chairman of the Citizens Advisory Committee will be the Director of the Alaska Loan Program Fund, but shall not have a vote.*

Staff:

Staff and administrative support to be provided by Legislative Budget and Audit.

Tasks:

To evaluate and present recommendations of the Budget and Audit Committee:

- a. request, through the Legislature, that Budget and Audit do additional audits.
- b. present recommendations to Department in question and oversee their implementation.

To work with the Office of Ombudsman in investigating complaints concerning the Alaska Loan Program Fund.

To present complaints to the Legislature and the Office of Ombudsman.

To oversee generally operations of the Departments involved in the administration of the Alaska Loan Program Fund and keep the Legislature informed.

To review the quarterly reports prepared by the Budget and Audit Committee and make recommendations to the Legislature.

Meetings:

The Citizens Advisory Committee shall meet four times a year coincidental to the release of quarterly reports prepared by the Budget and Audit Committee, and any additional times the Committee deems necessary.

Citizens Advisory Committee (cont.)

Compensation:

Travel expenses and any other expenses incurred while attending meetings or performing duties.

*Another alternative is to have the Director of Budget and Audit chair the Committee.

Description
Section 3

Chart 3a

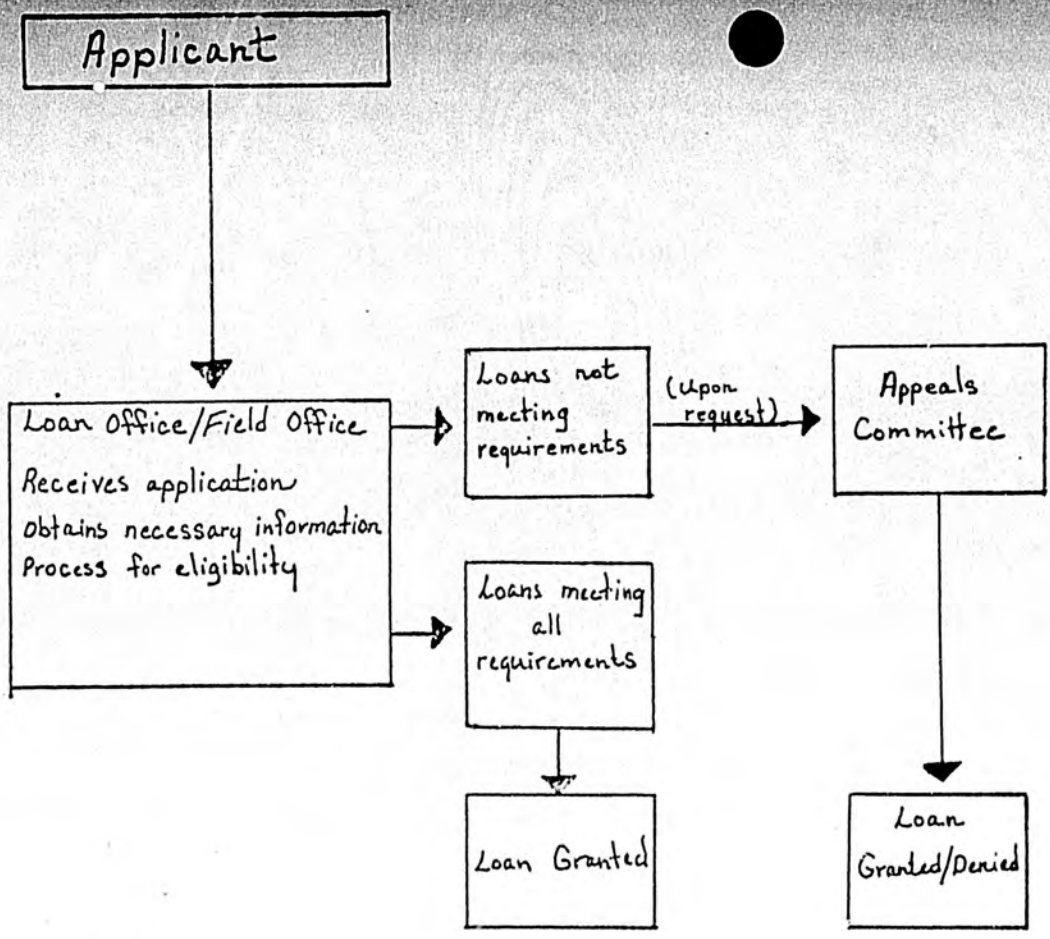
A description of the movement of an application for loan as presently exists in the Division of Business Loans, Department of Commerce.

Chart 3b

A description of the movement of an application for loan as proposed by the Senate Committee on the Permanent Fund should the Alaska Loan Program (Chart 2d) be implemented.

Chart 3c

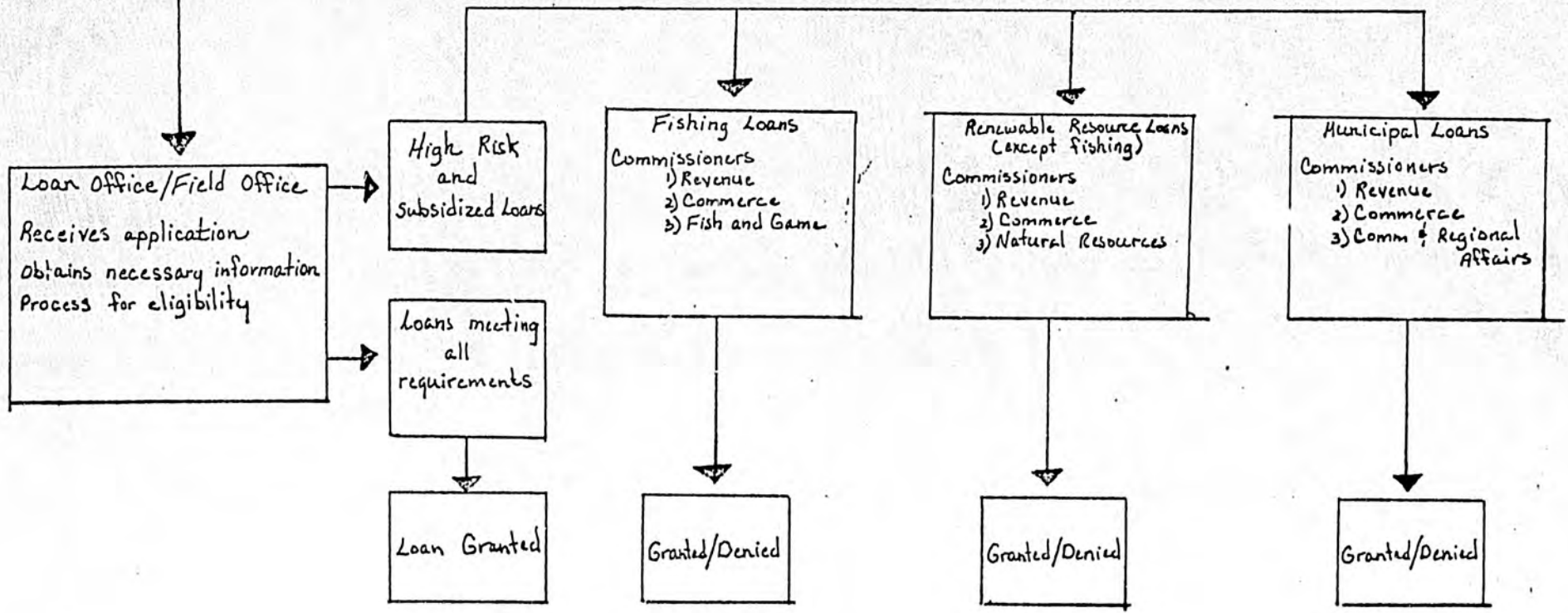
An alternate description for movement of an application for loan as proposed by the Senate Committee on the Permanent Fund should the Alaska Loan Program (Chart 2d) be implemented.



3b

Applicant

Advisory Committee to Appeals



3c

QUESTIONNAIRES

BANKERS QUESTIONNAIRE

A total of 18 Bankers questionnaires were mailed on September 18 to the banks listed on the attached page.

To date, we have received 6 completed questionnaires. It is our understanding that various bankers have organized a task force to respond to the questionnaire.

Attached letter sent to:

R.J. Miller, Jr., President
AK Bank of Commerce
712 W. 4th Avenue
Anchorage, AK 99501

L.C. Coffman, Pres.
AK Federal Savings & Loan Assoc.
301 N. Franklin
Juneau, AK 99801

Ron Rettig, President
AK Mutual Savings Bank
601 W. 5th Avenue
Anchorage, AK 99501

Frank Murkowski, Pres.
AK National Bank of the North
College Office and Administrative Center
Fairbanks, AK 99701

A.G. Espe, Pres.
AK Pacific Bank
Box 420
Anchorage, AK 99510

Robert Barnes, Pres.
AK Statebank
422 W. 5th Avenue
Anchorage, AK 99501

Walter Sczudlo, Pres.
Arctic First Federal Savings & Loan of Fairbanks
570 Gaffney Road
Fairbanks, AK 99701

William G. Brock, Pres.
The B.M. Behrends Bank
234 Seward Street
Juneau, AK 99801

Raymond M. Hartlieb, Pres.
First Federal Savings & Loan of Anchorage
813 Northern Lights Blvd.
Anchorage, AK 99504

Daniel H. Cuddy, President
First National Bank of Anchorage
645 G Street
P.O. Box 720
Anchorage, AK 99510

William G. Stroecker, Pres.
First National Bank of Fairbanks
2nd & Cushman Street
Fairbanks, AK 99701

W.G. Moran, President
First National Bank of Ketchikan
Box 7920
Ketchikan, AK 99901

Paul Kapansky, President
Home Federal Savings & Loan Association
535 D Street
Anchorage, AK 99501

Mt. McKinley Mutual Savings Bank
531 3rd Avenue
Fairbanks, AK 99701

Edward Rasmuson, Pres.
National Bank of Alaska
P.O. Box 600
Anchorage, AK 99510

Richard Kennard, Pres.
Peoples Bank & Trust
644 W. 8th Avenue
Anchorage, AK 99501

Wayne Littleton, Pres.
Security National Bank
880 H Street
Anchorage, AK 99501

Arnold W. Gietz, Pres.
United Bank Alaska
645 G Street
Anchorage, AK 99501



Alaska State Legislature

Pouch V
JUNEAU ALASKA
99811

Senate Committee
on the
Permanent Fund

August 18, 1977

Dear :

During the next session of the Alaska Legislature, various pieces of legislation will be proposed concerning the Alaska Permanent Fund. As Chairman of the Senate Committee on the Permanent Fund, I have the responsibility of directing the Senate effort toward this legislation.

Because of your position in the banking industry, I am requesting your assistance in evaluating the availability of credit to Alaskans. The enclosed questionnaire is a step in this effort. Please identify any information in the questionnaire you might consider confidential. At your request, a summary of questionnaire information will be made available to you.

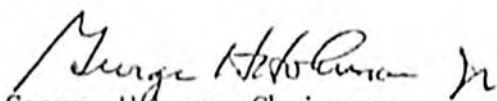
I do hope I can call upon you in the immediate future in this regard for additional advise and assistance. Upon completion of the questionnaire, please return to:

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

Attn: Banker's Questionnaire

Thank you for your cooperation.

Sincerely,


George Hohman, Chairman
Senate Committee on the
Permanent Fund

Senator George Hohman, Chairman
 Senate Permanent Fund Committee
 Pouch Y
 Juneau, AK 99811

QUESTIONNAIRE

1. Assuming that Anchorage, Fairbanks and environs are urban, would you supply the following information concerning your loan portfolio?

	Urban	Rural	Total
Dollar amount			
Business loans	_____	_____	_____
Personal loans	_____	_____	_____
Number of loans			
Business loans	_____	_____	_____
Personal loans	_____	_____	_____
Mortgages			
Conventional	_____	_____	_____
Federally insured	_____	_____	_____

2. What are the averages concerning these loans?

	Urban	Rural
Business loans		
Length of loans	_____ months	_____ months
Average interest rate	_____ %	_____ %
Range of interest rates	_____ %	_____ %
Personal loans		
Length of loans	_____ months	_____ months
Average interest rate	_____ %	_____ %
Range of interest rates	_____ %	_____ %

2. (cont.)

	Urban	Rural
Conventional Mortgages		
Length of mortgage	_____ months	_____ months
Average interest rate	_____ %	_____ %
Range of interest rates	_____ % to _____ %	_____ % to _____ %
Federally insured mortgages		
Length of mortgage	_____ months	_____ months
Average interest rate	_____ %	_____ %
Range of interest rates	_____ % to _____ %	_____ % to _____ %

3. What is the approval rate (number of approvals ÷ number of applications) for:

	Urban	Rural
Business loans	_____	_____
Personal loans	_____	_____

4. What factors are most important in loan denials in urban/rural areas? Please rate from 1 to 10, 1 being most important factor.

	Urban	Rural
Lack of applicant capital	_____	_____
Undeveloped nature of local economy	_____	_____
Poor credit record of applicants	_____	_____
Lack of applicant experience	_____	_____
Lack of applicant education	_____	_____
Difficulty of servicing loan	_____	_____
Lack of local support services	_____	_____

4. (cont.)

	Urban	Rural
Lack of government infrastructure	_____	_____
Out of bank service area	_____	_____
Other (urban) please specify:		

Other (rural) please specify:

5. Which types of credit do you think are insufficiently available to urban Alaska?

Housing _____	Development _____
Business venture _____	Other (please specify) _____
Business expansion _____	_____
Research _____	None _____

6. Which types of credit do you think are insufficiently available to rural Alaska?

Housing _____	Development _____
Business venture _____	Other (please specify) _____
Business expansion _____	_____
Research _____	None _____

11. How should the Permanent Fund invest its capital?

- A. High grade stocks, bonds and federal paper _____%
- B. Certificates of deposit in Alaska banks _____%
- C. Alaska loan programs
 - 1. New loan programs _____%
 - 2. Housing loans _____%
 - 3. Expansion of existing loan programs _____%
 - 4. Community development _____%
 - 5. Technological development loans
(energy, arctic construction, etc.) _____%
 - 6. Other (please specify) _____%

Please return completed questionnaire to:

Senator George Hohman, Chairman
Senate Permanent Fund Committee
Pouch Y
Juneau, AK 99811

Attention: Banking Questionnaire

May we contact you personally or by telephone at a later date?

Yes _____ No _____

Name _____

Address _____

Telephone number _____

CHAMBER OF COMMERCE QUESTIONNAIRE

A total of 750 Chamber of Commerce questionnaires were mailed on August 18. Similar questionnaires were also sent to 50 veterans, teachers, and public employees.

The results of the Chamber of Commerce questionnaire are indicated on the attached pages.



Pouch V
JUNEAU ALASKA
99811

Alaska State Legislature

Senate Committee
on the
Permanent Fund

Dear Chamber of Commerce Member:

As Chairman of the Senate Interim Committee on the Alaska Permanent Fund, I have been asked to speak to you and other Chamber of Commerce members at your September 29th meeting in Anchorage, regarding the Fund; our progress so far and some prospects for the future.

As part of the Committee's interim effort, we are soliciting information on the actualities of and expectations for Alaskan capital markets. Preliminary economic studies on the fund indicate that existing Alaskan capital market institutions are adequately meeting the capital needs of urban Alaska and that infusions of permanent fund monies into these urban capital markets would not result in any significant increase in either profitability or growth of basic industrial or commercial enterprises in Alaska. The same studies indicate that existing capital market institutions are not adequately meeting the capital needs of rural Alaska.

In order to explore these and other working premises on the Alaska capital markets and the Permanent Fund, I have prepared the attached questionnaire. I will very much appreciate your time in completing the questionnaire and returning it to me in order that the Committee's work generally and my presentation to your membership specifically will address your concerns about and expectations for the Alaska Permanent Fund.

I would appreciate your response by September 15, 1977 to:

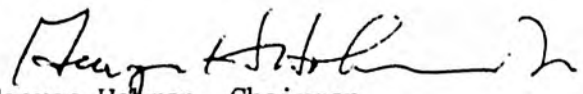
Senator George Hohman, Chairman
Senate Committee on the Permanent Fund
Pouch V
Juneau, Alaska 99811

Attn: Chamber Questionnaire

Chamber of Commerce Member
Page 2

If you have any questions or other thoughts on the matter, please feel free to contact me or my staff by telephone at 907-465-3880. I look forward to hearing from you and meeting with you on September 29.

Sincerely,



George Hohman, Chairman
Senate Committee on the
Permanent Fund

RESULTS OF CHAMBER QUESTIONNAIRE

- 1) Do you own or manage or have you owned or managed a business in Alaska?
99 respondents own or have owned or managed businesses in Alaska
2 respondents do not own or manage Alaska businesses
- 2) Of those respondents who answered "yes" to Question 1, the breakdown of business follows:
17 retail
39 services
3 lumber
4 wholesale trade
3 manufacturing
10 construction
10 transportation
3 fishing and/or processing
1 agricultural products
7 banks
2 other
- 3) Of those respondents answering "no" to Question 1:
2 have not considered entering business
- 4) Have you ever applied for a bank loan for home construction or small business?
84 Yes
17 No
- 5) If you answered "yes" to Question 4, was the loan denied or granted?
78 Granted
6 Denied for the following reasons
2 inadequate security
1 long term loans not available
2 other

Results of Chamber Questionnaire

Page 2

- 6) Was bank consideration of your application satisfactory or unsatisfactory?

77 respondents felt bank consideration was satisfactory

7 respondents felt bank consideration was unsatisfactory

Additional comments on bank service:

7 very satisfactory

1 satisfactory

3 terms too short

4 appraisals too conservative

1 no established credit

3 other

- 7) Have you ever attempted to get business loans from sources other than commercial banks?

39 respondents have attempted to get business loans from other sources

62 respondents have not sought loans outside banking institutions

The following lenders were commonly approached:

2 no response

16 state loan

8 federal loan

3 credit union

3 friends or family

7 other

- 8) Do you think small business credit is adequately available to Alaska businesses?

51 respondents thought credit adequately available

41 respondents do not believe credit adequately available

Additional comments:

3 inadequate in rural areas

5 available credit is short term only

Results of Chamber Questionnaire

Page 3

8) continued

4 not enough competition among banks

8 Alaska banks unable to finance many projects

19 other

9) Which types of credit do you think are insufficiently available?

33 no response

22 housing

46 venture

23 expansion

16 research

27 development

2 other

10) With which of the following state loan programs are you familiar?

28 no response

49 veterans

48 small business

6 child care

14 agriculture

17 Alaska State Development Corporation

7 senior citizen housing

18 Small Business Development Corporation

18 commercial fishing

6 water resources

36 tourism

6 fisheries enhancement

23 Alaska Housing Finance Corporation

18 student financial aid

11) Additional comments on state loan programs offered by respondents

34 no comment

14 adequate

5 excessive red tape

7 inadequate funding

11 inadequate servicing

3 inadequate programs

8 inadequate limits

5 more responsive to venture and development loans

10 inadequate other

12) With which of the federal loan programs are you familiar?

30 no response

43 housing loans

10 agricultural loans

1 natural resources loans

6 environmental quality loans

50 business loans

31 disaster loans

6 employment training loans

4 other

13) Respondents comments on impressions of the federal loan programs.

43 no comment

13 adequate

22 excessive red tape

1 inadequate funding

7 inadequate services

3 inadequate programs

2 inadequate limits

14) Respondents gave the following percentile (averaged) recommendations for investment of Permanent Fund capital:

43.0% high grade stocks, bonds, and federal paper

9.0% new loan programs

12.5% housing loans

11.0% expand existing state loans

10.5% community development

8.0% technological development loans (energy - methods of construction)

6.0% other

The following comments were returned regarding Permanent Fund investment alternatives:

81 no further response

7 loans based on competent management

8 state development is first priority

2 investments must be insulated from political considerations

1 loans funded from income or profit of Permanent Fund investments

2 invest in large corporations operating in Alaska

TOTAL NUMBER OF RESPONDENTS: 101

RURAL OUTREACH QUESTIONNAIRE

A total of 668 Rural Outreach questionnaires were mailed on
September 22.

The results of the questionnaire are indicated on the attached
pages.



Pouch V
JUNEAU ALASKA
99811

Alaska State Legislature

Senate Committee
on the
Permanent Fund

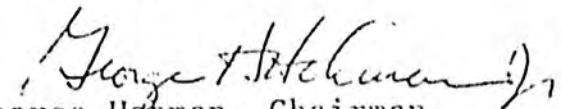
Dear Sir:

As you may know, Alaska will receive large sums of money from oil royalties and lease sales within the next few years. At least 25% of this money will go into the Permanent Fund. It is my hope that this money can be used to the advantage of all Alaskans.

As a representative of rural Alaska, we would appreciate your help in assessing the needs of your community by filling out the attached questionnaire. If you feel your views are not representative of your area, we would ask that you give the extra questionnaire (attached) to another individual with views other than your own.

If you have any questions, please contact my office at 907-465-3880. Thank you for your cooperation.

Sincerely,


George Hochman, Chairman
Senate Committee on the
Permanent Fund

Updated Results of Rural Questionnaire

1. Do you own or have you owned a business in Rural Alaska?

64 Yes

10 No

2. If you have checked "yes" on the above, what type of business do you or have you owned?

17 Retail

2 Services

4 Lumber

2 Wholesale Trade

3 Manufacturing

5 Construction

5 Transportation

10 Fishing and/or Processing

4 Mining and Prospecting

1 Regional and Village Corporation

4 Other

3. If you checked "no" to Question #1, have you ever thought seriously of entering business for yourself or with partners?

7 Yes

3 No

4. Have you ever applied for a bank loan for home construction or small business?

44 Yes

30 No

5. If you checked "yes" to Question #4, was the loan granted or denied?

29 Granted

15 Denied for the following reasons:

5 Inadequate Security ; 3 No Established Security; 6 Other

Updated Results of Rural Questionnaire
(continued)

6. Was bank consideration of your application satisfactory or unsatisfactory?

30 Satisfactory

14 Unsatisfactory

7. Have you ever attempted to get business loans from sources other than commercial banks?

33 Yes

41 No

Common Lenders Approached were:

16 State Loan

6 Federal Loan

6 Credit Unions

1 Friends or Family

4 Other

8. Do you think small business loans are adequately available to rural Alaskans?

8 Yes

56 No

Additional comments as follows:

21 Inadequate in Rural Areas

2 Available Credit is Short Term Only

2 Not Enough Competition among Banks

4 Alaskan Banks Unable to Finance Many Projects

9. We would appreciate any further statement or information you may wish to give relevant to opportunities and credit in rural Alaska.

1 Credit in Rural Alaska is Poor

1 Available Credit is Short Term Only

2 Alaska Banks Unable to Finance Many Projects

Updated Results of Rural Questionnaire
(continued)

10. With which of the state loan programs are you familiar?

31 Veterans

23 Small Business

2 Child Care

10 Agriculture

1 Alaska State Development Corporation

2 Senior Citizens Housing

13 Small Business Development Corporation

13 Commercial Fishing

5 Tourism

5 Fisheries Enhancement

5 Alaska Housing Finance Corporation

10 Student Financial Aid

0 Water Resources

11. The following comments were offered by respondents regarding their impressions of the state loan programs.

6 Adequate

8 Excessive Red Tape

1 Inadequate Funding

13 Inadequate Servicing

1 Inadequate Programs

4 Inadequate Limits

2 Desire Venture and Development Loans

3 Inadequate Other

4 Positive Benefit to Alaska

12. What rate of interest should the State charge for their loan programs?

20 Less Than Prime Rate

28 Prime Rate

18 Greater than Prime Rate

Updated Results of Rural Questionnaire
(continued)

13. With which of the following Federal Loan Programs are you familiar?

1 Housing Loans

15 BIA Loans

25 Farmers Home Administration

38 SBA

1 Other

Impressions of the Federal Loan Programs.

6 Adequate

14 Excessive Red Tape

2 Inadequate Funding

3 Inadequate Servicing

2 Inadequate Programs

14. In which areas would you like to see the Alaska Permanent Fund make loans available?

3 None

50 Housing

64 Small Business

43 Education

10 Environment

2 Utilities

4 Agriculture

7 Renewable Resource Development

4 Other

Total Number of Respondents: 74

ALASKAN QUESTIONNAIRE

A total of 100 Alaskan questionnaires were mailed on September 27 to individuals listed on the attached pages.

This questionnaire was sent to 100 Alaskan registered voters, whose veteran's status was unknown.

No results have yet been tabulated.

Box 561
Cordova, Alaska 99674

Charles Maxwell
Box 622
Cordova, Alaska 99574

Paul Barrett
Box 1089
Valdez, Alaska 99686

Lester Black
Post Office Box 1006
Valdez, Alaska 99686

Ralph Brumbaugh
Box 864
Wasilla, Alaska 99687

Arthur Pierson
Post Office Box 509
Palmer, Alaska 99645

Willis Radford
Star Route Box 24
Willow, Alaska 99688

Harold Smith
Post Office Box 118
Talkeetna, Alaska 99676

Paul Breton
Post Office Box 831
Eagle River, Alaska 99577

Lyle Carr
Post Office Box 974
Eagle River, Alaska 99577

Dale Bowers
Star Route Box 1451
Chugiak, Alaska 99567

David Edlund
Box 4-162
Spenard, Alaska 99509

James Houghton
Box 11
Glennallen, Alaska 99588

Randy Skow
Box 1182
Spenard, Alaska 99664

David Anderson
Box 1237
Homer, Alaska 99603

Leonard Bunts
P O Box 147
Anchor Point, Alaska 99556

Perry Hawkins
P O Box 1712
Soldotna, Ak. 99669

Michael King
Box 3250
Kenai, Alaska 99611

Joe Lenan
Box 87
Ninilchik, Alaska 99639

Elmer Wood
Box 11
Clam Gulch, Alaska 99568

Alfred Bond
Box 94
Seldovia, Alaska 99663

David Honeywell
Box 1305
Kodiak, Alaska 99615

Gary Hunter
Box 1622
Kodiak, Alaska 99615

Philip Katelnikoff
Box 72
Ousinkie, Alaska 99644

Harry Kalmakoff
Chignik Lake, Alaska 99695

James Bennett
Post Office Box 115
Cold Bay, Alaska 99571

Peter Devine
General Delivery
Sand Point, Alaska 99661

Daniel Caldwell
Captains Bay
Unalaska, Alaska 99685

Paul Ilutsik
Aleknagik, Alaska 99555

Andy Simon
Allakaket, Alaska 99720

Richard B. Dayey
16th Ave
Anchorage, AK. 99501

Cleo H. Sims
1577 I ST.
Anchorage, Ak. 99501

Florence L. Hunt
1509 E. Bluff Rd. #11-238
Anchorage, Ak. 99501

Kerry E. Brenner
1435 Denali St. # 1
Anchorage, Ak. 99501

Dolores J. Gatlin
700 Gum ST. Bldg. 35-2037
Anchorage, AK. 99501

~~Teresa Bailey
919 W. 9th Ave.
Anchorage, Alaska 99503~~

Sharon R. Bezek
729 W. 18th St.
Anchorage, Ak. 99503

Robert H. Schenker
801 Airport Hghts # 243
Anchorage, Alaska 99504

Returned - no such Na

Scott Christian
2306 Eagle ST.
Anchorage, Ak. 99503

Susan R. Jones
1119 LaTouche
Anchorage, Alaska 99501

Hazel B. Butcher
919 W. 23rd
Anchorage, Alaska 99503

Jack D. Wilson
1025 LaTouche St.
Anchorage, Alaska 99501

~~Mark J. Figgins
1013 Fireweed Ln.
Anchorage, Alaska 99503~~

returned

James C. Russell
436 Aurora Dr.
Anchorage, Alaska 99503

Vickie S. Bates
701 S. Klewin Sp 112
Anchorage, Alaska 99504

Gregory H. Luther
2806 Turnagain
Anchorage, Alaska 99503

Norman Jones
601 E. 15th Terrace #6
Anchorage, Alaska 99501

Susan K. King
P.O. Box 8049
Anchorage, Alaska 99503

Allen L. Wernberg
1932 Spenard Road
Anchorage, Ak. 99503

~~John E. Patton
338 Denali Apt. 1207
Anchorage, Ak. 99501~~

Moved

Clay M. Sharp
701 S. Klevin #83
Anchorage, Ak. 99504

Linda D. Battles
4314 San Roberto #4
Anchorage, Ak. 99504

Elizabeth P. Brown
701 S. Klevin Sp 14
Anchorage, Alaska 99504

Lillie M. Hemphill
1434 LaTouche St. Apt. 1
Anchorage, Ak. 99501

Dianne M. Campbell
1111 E. 19th
Anchorage, Ak. 99501

Dorothea A. Barnett
1516 Birchwood St.
Anchorage, Ak. 99504

William F. Zimmerman
1438 1/2 E. 11th Ave.
Anchorage, Ak. 99501

Michael J. Voyles
1301 1/2 Juneau
Anchorage, Ak. 99501

Thomas W. Spurlock II
1135 E. 15th Ave.
Anchorage, Alaska 99501

Brenda C. Pitts
941 E. 20th
Anchorage, Alaska 99501

Linda Buckley
Box 52
Hydaburg, Alaska 99922

Hard Wilkerson
Post Office Box 1698
Ketchikan, Alaska 99901

Stephen Reeve
344 Front Street
Ketchikan, Alaska 99901

Robert Olsen
Box 1053
Ward Cove, Alaska 99901

Mable Smeltzer
Route 1, Box 932
Ketchikan, Alaska 99901

James See
General Delivery
Craig, Alaska 99921

John Hayward
P.O. Box 101
Metlakatla, Alaska 99926

Mike Lopez
Box 1004
Petersburg, Alaska 99833

William Ely
Box 66
Wrangell, Alaska 99929

Donald Hull
Box 1170
Wrangell, Alaska 99929

Frank Wright, Sr.
Box 131
Hoonah, Alaska 99829

Joe Garrison
Box 860
Sitka, Alaska 99835

Leslie Williams
Box 405
Juneau, Alaska 99830

Richard Adair
Box 371
Juneau, Alaska 99801

Donald Bedford
Box 111
Auke Bay, Alaska 99821

John Vavalis, Jr.
Box 1293, R.R. 2
Juneau, Alaska 99801

Earl Lammers
Box 412
Haines, Alaska 99827

Woodford Perry
Box 216
Haines, Alaska 99827

Peter Munro
120 W. 9th
Juneau, Alaska 99801

David Miller
330 W. 8th Street
Juneau, Alaska 99801

Thomas Mortell
E 2 Cedar Park
Juneau, Alaska 99801

Albert Kadush
R.R. 3, Box 3270
Juneau, Alaska 99801

Jesse Bulkley
Route 6, Box 4074
Juneau, Alaska 99801

Randall Cooper
Route 4, Box 4100 91
Juneau, Alaska 99801

Jerry Wallace
Box 560
Sitka, Alaska 99835

James Schmitt
545 Crosson Avenue
Fairbanks, Alaska 99701

Charles Ray
1209 10th Avenue
Fairbanks, Alaska 99701

Richard Barton
1881 Marika Street
Fairbanks, Alaska 99701

Larry Stangland
2243 Bridgewater Drive
Fairbanks, Alaska 99701

Wayne Vonclausen
1616 Cushman
Fairbanks, Alaska 99701

Dale Ranstead
Box 3172
Fairbanks, Alaska 99701

Betty Hoch
Star Route, Box 10351
Fairbanks, Alaska 99701

Gary Wilke
315 5th
Fairbanks, Alaska 99701

Dale Polston
909 1st Avenue
Fairbanks, Alaska 99701

Carl Parker
Box 552
Fairbanks, Alaska 9970

Walter Williams
542 2nd Avenue
Fairbanks, Alaska 99701

John Young
815 5th Avenue
Fairbanks, Alaska 99701

Westeen Holmes
2326 Gilliam Way
Fairbanks, Alaska 99701

John Wathen
1409 Bluebell
Fairbanks, Alaska 99701

Henri Gibbs, Jr.
1325 Cushman Street
Fairbanks, Alaska 99701



Alaska State Legislature

Pouch V
JUNEAU ALASKA
99811

Senate Committee
on the
Permanent Fund

September 27, 1977

Dear Alaskan:

During the next session of the Alaska legislature, various pieces of legislation will be proposed concerning the structure, management, and activities of the Alaska Permanent Fund. As Chairman of the Senate Committee on the Permanent Fund, I have the responsibility of directing the Senate effort toward preparing legislative alternatives for consideration.

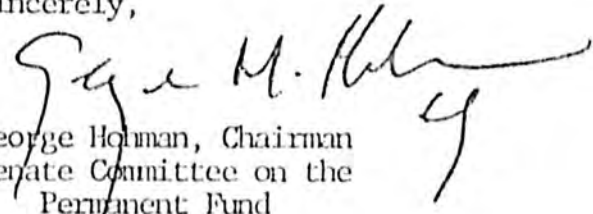
Our committee has been examining existing state loan programs, and would appreciate your participation in completing and returning the enclosed questionnaire. Your comments will be helpful to the Committee in our further studies regarding various state loan programs.

Please return the questionnaire to me at the following address by October 15th:

Senator George Holman, Chairman
Senate Committee on the Permanent Fund
Pouch Y
Juneau, Alaska 99811

Attention: Veterans' Questionnaire

Sincerely,


George Holman, Chairman
Senate Committee on the
Permanent Fund

Enclosures

Veteran's Revolving Loan Program
Questionnaire

If all loans were processed through one office, all personnel now paid by the Veteran's Revolving Loan Program could be paid by the interest earnings of the Permanent Fund, allowing cash in the Veteran's Revolving Loan fund to subsidize loans made to veterans by charging a lower interest rate to veterans and having the balance paid from some other source.

1. Do you feel the veteran should be able to borrow below a uniform rate? Yes _____ No _____

If so, how much lower? 1% _____

1/2% _____

Other _____

2. If a business loan limitation is \$500,000 for all Alaskans, do you feel an Alaskan veteran should be recognized by having a limitation above that limit? (Example: 5% higher for each loan program limitation).

Yes _____ No _____

If so, what percentage above the maximum amount? _____%

3. The following are considered eligible for the Alaska Veteran's Revolving Loan Program:

- a. A veteran who entered the military from Alaska,
- b. A veteran who has lived in Alaska five years after leaving the military,
- c. A person who has served six years in the Alaska National Guard.

To encourage veterans to join the Alaska National Guard, would you recommend allowing those who do so for six years eligibility preference as outlined in No. 2 above?

Yes _____ No _____

If so, allow a rate of _____%.

4. To encourage veterans to join the Alaska National Guard, would you recommend a further reduction in interest rates as outlined in No. 1 above?

Yes _____ No _____

If yes, how much? 1% _____

1/2% _____

Other _____

5. Are you a veteran? Yes _____ No _____

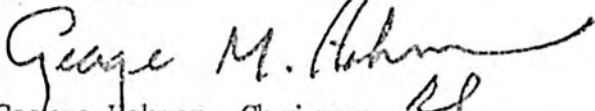
Other comments:

After completing the questionnaire, please return it to me
at the following address by October 15th.

Senator George Hohman, Chairman
Senate Permanent Fund Committee
Pouch Y
Juneau, Alaska 99811

Attention: Veterans' Questionnaire

Sincerely,


George Hohman, Chairman
Senate Committee on the
Permanent Fund

May we contact you by phone or mail at a later date?

Yes _____ No _____

Name _____

Address _____

Phone number _____

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

TEACHERS QUESTIONNAIRE

Approximately 4000 Teachers questionnaires were mailed on September 29, to teachers whose names were provided to us by NEA-Alaska.

Over 500 teachers have responded to the questionnaire. At the present time, the results are being tabulated.



Pouch V
JUNEAU ALASKA
99811

Alaska State Legislature

September 21, 1977

Senate Committee
on the
Permanent Fund

Dear Teacher:

As you are aware, the voters of the State of Alaska approved a constitutional amendment to create the Alaska Permanent Fund. The Senate Committee on the Permanent Fund is presently examining possible uses of this Fund. One facet of our study is an examination of the existing state loan programs and the means by which low interest housing loans may be made available to rural Alaskans which would, of course, include teachers.

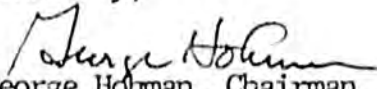
Somewhere in the future, it is possible low interest home loans may become available to both rural and urban Alaskans - if the legislature reflects the indicated opinions of Alaskans. However, cash flow will be such that all Alaskans may not be served immediately. The rural school teacher has a particular need for housing and is often unable to obtain adequate financing. One method of obtaining the necessary financing would be to allow the rural teacher to borrow money for home construction through the Teacher Retirement Fund which has a balance of \$180 million as of August 31, 1977. It seems possible that monies from this fund could be available almost immediately for low interest housing loans to rural teachers. This same approach could be used for public employees located in rural Alaska. These loans, of course, would be made only to those teachers with appropriate credit status and would not adversely effect any retirement eligibility for Alaskan teachers.

Enclosed is a questionnaire dealing with low interest housing loans to be made through the Teachers Retirement Fund. As Chairman of the Senate Committee on the Permanent Fund, I would appreciate your attention in completing the questionnaire and returning it to the following address by October 15, 1977.

Senator George Hohman, Chairman
Senate Permanent Fund Committee
Pouch Y
Juneau, Alaska 99811

Attention: Teacher's Questionnaire

Sincerely,


George Hohman, Chairman
Senate Committee on the
Permanent Fund

Enclosures (2)

Teacher's Questionnaire
Results as of October 21, 1977

Combined Urban and Rural Respondents: 428

1. Do you approve of making loans to teachers from the Teacher's Retirement System?

221 Yes

205 No

Questions 2 through 5 are applicable only to those responding "yes" to Question 1.

2. Considering the difficulty faced by the rural teacher in obtaining financing, would you support giving these rural Alaskans priority?

173 Yes

49 No, with the following comments:

35 Suggest Equal Distribution

1 Suggests a Greater Percentage Rural

3 Dependent on Accumulated Credit in TRS

3. An interest rate of 7% was recommended for the above loans taking into consideration the high cost of living in rural Alaska as well as the high cost of construction. Such a loan on a 30 year basis would be a major contribution in lowering the cost of the teachers living in rural Alaska (and reduce the cost of all Alaskans). Would you support an interest rate of 7%?

183 Yes

37 No, with the following preferences:

26 Greater than 7%

5 Less than 7%

4. When the needs of the rural teacher are met, would you recommend such a loan program for the urban teacher (those in Anchorage, Fairbanks, and Juneau)?

153 Yes

20 No, with the following comments

14 Feel Sufficient Financing in Urban Areas

4 Gave Other Reasons

Teacher's Questionnaire
(continued)

5. If at some point, the housing needs of Alaskan teachers are satisfied, would you recommend or approve loans to refinance high interest home mortgages of Alaskan teachers?

178 Yes

38 No

Teachers' Questionnaire
Results as of October 21, 1977

URBAN RESPONDENTS : Total 265

Question #1. "Do you approve of making loans to teachers from the Teachers' Retirement System?"

89 approved
175 disapproved

Note: Questions #2-#5 are applicable only to those respondents answering "yes" to Question #1.

Question #2. "Considering the difficulty faced by the rural teacher in obtaining financing, would you support giving these rural Alaskans priority?"

56 approved
34 disapproved
0 no response

Those answering "no" to question #2 gave the following suggestions on prioritization.

24 equal distribution
0 greater percentage urban
1 greater percentage rural
1 dependent on accumulated credit in TRS system
0 only if other financial avenues are unavailable
8 no response

Question #3. "An interest rate of 7% was recommended for the above loans taking into consideration the high cost of living in rural Alaska as well as the high cost of construction. Such a loan on a 30 year basis would be a major contribution in lowering the cost of the teachers living in rural Alaska (and reduce the cost of all Alaskans). Would you support an interest rate of 7%?"

65 favored TRS loans on a 7% interest rate basis
23 did not favor 7% interest loans, expressing the following preferences:
17 greater than 7%
3 less than 7%
0 interest free
3 other

Question #4. "When the needs of the rural teacher are met, would you recommend such a loan program for the urban teacher (those in Anchorage, Fairbanks, and Juneau)?"

49 recommended an extension of the loan program to the urban sector once the rural loan needs are met
7 recommended that no such extension be made
0 no response

Teachers' Questionnaire
Results as of October 21, 1977
Page 2

URBAN RESPONDENTS

Question #5. "If, at some point, the housing needs of Alaskan teachers are satisfied, would you recommend or approve loans to refinance high interest home mortgages of Alaskan teachers?"

72 approved
14 disapproved

Teacher's Questionnaire
Results as of October 21, 1977

Rural Respondents Only: 163

1. Do you approve of making loans to teachers from the Teacher's Retirement System?

132 Yes

30 No

Questions 2 through 5 are applicable only to those responding "yes" to Question 1.

2. Considering the difficulty faced by the rural teacher in obtaining financing, would you support giving these rural Alaskans priority?

117 Yes

15 No, with the following comments:

11 Suggest Equal Distribution

2 Dependent on Accumulated Credit in TRS

3. An interest rate of 7% was recommended for the above loans taking into consideration the high cost of living in rural Alaska as well as the high cost of construction. Such a loan on a 30 year basis would be a major contribution in lowering the cost of the teachers living in rural Alaska (and reduce the cost of all Alaskans). Would you support an interest rate of 7%?

118 Yes

14 No, with the following comments:

9 Greater than 7%

2 Less than 7%

4. When the needs of the rural teacher are met, would you recommend such a loan program for the urban teacher (those in Anchorage, Fairbanks, and Juneau)?

104 Yes

13 No, with the following comments:

9 Feel Sufficient Financing in Urban areas

2 Gave Other Reasons

Teacher's Questionnaire
(continued)

5. If at some point, the housing needs of Alaskan teachers are satisfied, would you recommend or approve loans to refinance high interest home mortgages of Alaskan teachers?

106 Yes

24 No

VETERANS QUESTIONNAIRE

Approximately 4500 Veterans questionnaires were mailed on October 6-9, to veterans whose names were provided to us by the American Legion in Juneau.

This questionnaire was also mailed to 100 Alaskan residents whose veteran's status was unknown.

To date, no results have been tabulated.



Pouch V
JUNEAU ALASKA
99811

Alaska State Legislature

September 21, 1977

Senate Committee
on the
Permanent Fund

Dear Veteran:

During the next session of the Alaska legislature, various pieces of legislation will be proposed concerning the structure, management, and activities of the Alaska Permanent Fund. As Chairman of the Senate Committee on the Permanent Fund, I have the responsibility of directing the Senate effort toward preparing legislative alternatives for consideration.

Our committee has been examining existing state loan programs. One option we are considering is the consolidation of the present loan programs into a more unified program that would continue to make loans to various groups, but under a consolidated management system within the Permanent Fund in order to maximize efficiency and lower administrative costs.

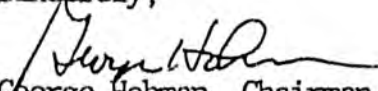
Enclosed please find a summary of existing loan programs in the State. It is interesting to note that while the Veterans' Loan Program should be giving the veteran special consideration in relation to interest rates and dollar amounts, other loan programs seem to offer preferential rates and terms.

We are presently studying how other states have structured their veterans' loan programs, and hopefully we can match such programs here in Alaska. In any event, some thoughts are outlined in the enclosed questionnaire to solicit your advice in this area. We would appreciate your completing the questionnaire and returning it to us at the following address by October 15, 1977.

Senator George Hohman, Chairman
Senate Permanent Fund Committee
Pouch Y
Juneau, Alaska 99811

Attention: Veterans' Questionnaire

Sincerely,


George Hohman, Chairman
Senate Committee on the
Permanent Fund

Enclosures (2)

EXISTING STATE LOAN PROGRAMS

NAME	ELIGIBILITY	AMT.	TERMS	INTEREST RATE	
Agricultural Revolving Loan Fund	AK resident farmer, homesteader or partner of same				No other available financing
Short Term		\$ 25,000	1 yr	6%	
Farm Development	3 yrs experience	200,000	30 yr	6%	
Chattel	2 yrs experience	100,000	7 yr	6%	
Irrigation		no max	10 yr	4%	
AK State Dev. Corp. (presently inactive)	Development of new and expanding business & ind.	\$750,000*	20 yr	legal rt of int.	*Max 90% of loan/10% other sources
Child Care Facility Revolving Loan Fund	Require certificate of need from Dept. of CRA	10,000	10 yr	6%	No other available financing
Commercial Fishing Revolving Loan Fund	5 yr AK resident, 3 yr comm. fishing license	150,000	15 yr	7%	
Fisheries Enhancement Loan Program	Non-profit hatchery permit* holder	300,000	25 yr	8%	Max loan not to exceed 75% of total cost
	Non-profit corporation	3,000,000	25 yr	8%	
Small Business Development Corporation	Through Local Development Corporation		25 yr	7%	Loans made through LDCs w/SBA participation
Small Business Revolving Loan Fund	Less than 50 employees Less than \$2 mill gross receipts, AK resident.	300,000	*	8%	*Secured real property-15 yr, secured by equipment-max 5 yr
Student Financial Aid Revolving Loan Fund	AK resident Full-time student	(per Yr) 2,500 " 5,000	Option of 6 or 10 yrs	5% 5%	40% forgiveness with 5 yrs employment in Ak following grad.
Tourism Revolving Loan Fund	Involvement in tourist industry showing potential for growth	3,000,000	20 yr	8%	Loans over \$150,000 require not less than 20% bank participation
Veterans Affairs Revolving Loan Fund	AK veteran		20-30 yr (average)		
Personal	5 veteran	10,000		7.5%	
Business	6 yr Nat'l Guard (army, air, naval militia)	125,000		7.5%	
Vet occupied duplex		83,250		7.5%	
Single family		68,250		7.5%	
Multiple dwelling		110,000		7.5%	
Water Resources Revolving Loan Fund	Public utilities showing economic & technical feasibility		7 yr	5%	
Senior Citizens Housing Development Fund	Municipalities and corp. to assist comm. in development of senior citizen housing. Residence of senior citizen		None Specified		This fund engages in grants as well as loans Utilizes Fed money when possible for housing development
Alaska Housing Finance Corporation					Statute requires AHFC restrict activities to persons of low income and those in remote areas (as of 1976)
Conventional					
Single family	Owner occupants	65,000	max/30yr	7.75%	
Duplex	Owner occupied unit	90,000	"	7.75%	
FHA/VA insured loan					
Single family	Owner occupants	65,000	"	7.50%	
Duplex	Owner occupied unit	90,000	"	7.50%	
Home improvements	Home - rural Alaska	15,000	15 yr	9.50%	
Historical Revolving Loan Fund	Person, firm, business or municipality for restoration of historical bldg. Requires approval of local historical commission	100,000		6.5%	Secured by acceptable collateral and not to exceed 85% of same Bank participation

Veteran's Revolving Loan Program
Questionnaire

If all loans were processed through one office, all personnel now paid by the Veteran's Revolving Loan Program could be paid by the interest earnings of the Permanent Fund, allowing cash in the Veteran's Revolving Loan fund to subsidize loans made to veterans by charging a lower interest rate to veterans and having the balance paid from some other source.

1. Do you feel the veteran should be able to borrow below a uniform rate? Yes _____ No _____

If so, how much lower? 1% _____

1/2% _____

Other _____

2. If a business loan limitation is \$500,000 for all Alaskans, do you feel an Alaskan veteran should be recognized by having a limitation above that limit? (Example: 5% higher for each loan program limitation).

Yes _____ No _____

If so, what percentage above the maximum amount? _____%

3. The following are considered eligible for the Alaska Veteran's Revolving Loan Program:

- a. A veteran who entered the military from Alaska,
- b. A veteran who has lived in Alaska five years after leaving the military,
- c. A person who has served six years in the Alaska National Guard.

To encourage veterans to join the Alaska National Guard,
would you recommend allowing those who do so for six
years eligibility preference as outlined in No. 2 above?

Yes _____ No _____

If so, allow a rate of _____%.

4. To encourage veterans to join the Alaska National
Guard, would you recommend a further reduction in
interest rates as outlined in No. 1 above?

Yes _____ No _____

If yes, how much? 1% _____

1/2% _____

Other _____

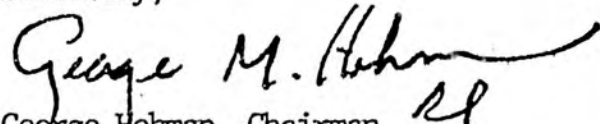
Other comments:

After completing the questionnaire, please return it to me
at the following address by October 15th.

Senator George Hohman, Chairman
Senate Permanent Fund Committee
Pouch Y
Juneau, Alaska 99811

Attention: , Veterans' Questionnaire

Sincerely,


George Hohman, Chairman
Senate Committee on the
Permanent Fund

May we contact you by phone or mail at a later date?

Yes _____ No _____

Name _____

Address _____

Phone number _____

PUBLIC EMPLOYEE QUESTIONNAIRE

Approximately 5500 Public Employee questionnaires were mailed on October 11-13, to public employees who are members of APEA. This listing was provided to us through APEA.

To date, no results have been tabulated.



Pouch V
JUNEAU ALASKA
99811

Alaska State Legislature

September 27, 1977

Senate Committee
on the
Permanent Fund

Dear Public Employee:

As you are aware, the voters of the State of Alaska approved a constitutional amendment to create the Alaska Permanent Fund. The Senate Committee on the Permanent Fund is presently examining possible uses of this Fund. One facet of our study is an examination of the existing state loan programs and the means by which low interest housing loans may be made available to rural Alaskans which would, of course, include public employees.

Somewhere in the future, it is possible low interest home loans may become available to both rural and urban Alaskans - if the legislature reflects the indicated opinions of Alaskans. However, cash flow will be such that all Alaskans may not be served immediately. The public employee in rural Alaska has a particular need for housing and is often unable to obtain adequate financing. One method of obtaining the necessary financing would be to allow the public employees in the rural areas to borrow money for home construction through the Public Employees Retirement System which has a balance of \$200 million as of August 31, 1977. It seems possible that monies from this fund could be available almost immediately for low interest housing loans for public employees in rural Alaska. This same approach could be used for teachers located in rural areas. These loans, of course, would be made only to those public employees with appropriate credit status and would not adversely effect any retirement eligibility for Alaskan public employees.

Enclosed is a questionnaire dealing with low interest housing loans to be made through the Public Employees Retirement System. As Chairman of the Senate Committee on the Permanent Fund, I would appreciate your attention in completing the questionnaire and returning it to the following address by October 15th.

Senator George Hohman, Chairman
Senate Permanent Fund Committee
Pouch Y
Juneau, Alaska 99811

Attention: Public Employee's Questionnaire

Sincerely,

A handwritten signature in cursive script, appearing to read "George Hohman".
George Hohman, Chairman
Senate Committee on the
Permanent Fund

Enclosures (2)

Public Employee's Questionnaire

1. Do you approve of making loans to public employees from the Public Employees Retirement System?

_____ Yes _____ No

2. Considering the difficulty faced by the public employees in rural Alaska in obtaining financing, would you support giving the rural Alaskans priority?

_____ Yes _____ No

If no, what would you suggest?

3. An interest rate of 7% was recommended for the above loans taking into consideration the high cost of living in rural Alaska as well as the high cost of construction. Such a loan on a 30 year basis would be a major contribution in lowering the cost of the public employees living in rural Alaska (and reduce the cost of all Alaskans). Would you support an interest rate of 7%?

_____ Yes _____ No

If no, what rate would you recommend?

4. When the needs of the public employee in the rural areas are met, would you recommend such a loan program for the public employees in the urban sector (Anchorage, Fairbanks, Juneau)?

_____ Yes _____ No

If no, why not?

Page 2
Public Employee's Questionnaire

5. If, at some point, the housing needs of Alaskan public employees are satisfied, would you recommend or approve loans to refinance high interest home mortgages of Alaskan public employees?

_____ Yes

_____ No

Please return questionnaire to:

Senator George Hohman, Chairman
Senate Permanent Fund Committee
Pouch Y
Juneau, Alaska 99811

Attention: Public Employee's Questionnaire

May we contact you by phone or personally at a later date?

Name _____

Address _____

Phone number _____

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

Through: APEA

CREDIT UNION QUESTIONNAIRE

A total of 36 Credit Union questionnaires were mailed on October 13, to the credit unions listed on the attached page.

To date, no results have been tabulated.

A F & S Federal Credit Union
410 Denali
Anchorage, Alaska 99501
Roberta Crose \$2,664,768.00

Alaska District Engineers FCU
Box 7002
Anchorage, Alaska 99510
Jacqueline L. Cox \$3,253,935.49

Alaska Municipal Employees FCU
2509 Eide Street
Anchorage, Alaska 99503
Darlene Sparkman \$10,567,308.74

Alaska Railroad Federal Credit Union
Pouch 7-2111
Anchorage, Alaska 99510
James T. Hadfield \$4,509,366.40

Alaska School Employees FCU
3500 Eide Street
Anchorage, Alaska 99503
Margaret Crawley \$15,088,906.06

Alaska Teamsters Federal Credit Union
1200 Airport Hts Rd, Suite 430
Anchorage, Alaska 99504
Emmitt Wilson \$6,972,425.88

Alaska USA Federal Credit Union
777 Juneau Street
Anchorage, Alaska 99501
Len Larson \$118,615,239.73 ✓

ALP Federal Credit Union
Mill Site Box 1050
Sitka, Alaska 99835
Larry A. Nelson \$2,393,182.34

Anchorage Area Federal Credit Union
325 E. Third, Room 20
Anchorage, Alaska 99501
Karen Rader \$287,424.77

Anchorage Realtors FCU
410 Denali
Anchorage, Alaska 99501
Roberta Crose \$171,078.00

Bering Straits Federal Credit Union
P. O. Box 505
Nome, Alaska 99762
Connie Madden \$407,850.30

CEA Federal Credit Union
P. O. Box 3518
Anchorage, Alaska 99501
Wayne Butch

City of Fairbanks Federal Credit Union
Box 2332
Fairbanks, Alaska 99707
Penny Ricco \$949,573.00

Eielson Employees Federal Credit Union
PSC 5
Eielson AFB, Alaska 99702
Anita Davis \$8,576,593.00

Fedalaska Federal Credit Union
731 I Street
Anchorage, Alaska
W. E. Samples \$16,925,845.01

Ft. Wainwright Federal Credit Union
Box 3525
Ft. Wainwright, Alaska 99703
Ethel Harris \$4,277,772.62

IBEW LU 1547 Federal Credit Union
2702 Denali
Anchorage, Alaska 99503
Jeanette Highfill \$1,838,138.02

Juneau State Employees FCU
114 S. Franklin, Room 100
Juneau, Alaska 99801
LaVae Pearson \$1,028,672.35

KPC Employees Federal Credit Union
P. O. Box A-12
Ward Cove, Alaska 99928
Dolores J. Houts \$1,411,245.27

Matanuska Valley Federal Credit Union
P. O. Box 1007
Palmer, Alaska 99645
Paul Crippen \$2,567,760.17

Mt. Edgecumbe Federal Credit Union
P. O. Box 210
Mt. Edgecumbe, Alaska 99835
Colleen McFarland \$417,127.31

NC Fairbanks Federal Credit Union
P. O. Box 650
Fairbanks, Alaska 99701
Ellen L. Kelly \$636,465.00

36

News-Miner Federal Credit Union
200 N. Cushman
Fairbanks, Alaska 99701
Inez Harrit

Union-Collier Alaska FCU
P. O. Box 6247
Anchorage, Alaska 99502
Richard Howe \$580,734.00

Northern Alaska State Employees FCU
Room 215, Northward Building
Fairbanks, Alaska 99701
Leann Coskey \$551,214.15

USARAL Federal Credit Union
Box 5-489
Ft. Richardson, Alaska 99505
Robert N. Richardson \$10,480,145.60

Northern Schools Federal Credit Union
P. O. Box 90820 of A
Fairbanks, Alaska 99701
Scytha Alldredge \$957,771.09

Wien Employees Federal Credit Union
P. O. Box 60414
Fairbanks, Alaska 99701
Mebble Hansen \$2,314,948.42

RAA Federal Credit Union
P. O. Box 6027
Anchorage, Alaska 99502
Virginia Gilleland \$885,900.69

Seventeenth Coast Guard District FCU
Box 3-5000
Juneau, Alaska 99802
Bea Long \$1,473,478.98

Seward Alaska Federal Credit Union
P. O. Box 956
Seward, Alaska 99664
Maxine Noel

Skagway Federal Credit Union
P. O. Box 256
Skagway, Alaska 99840
Diane L. Orth \$67,456.87

Starliner Federal Credit Union
5000 International Airport Rd, Rm 139-I
Anchorage, Alaska 99502
Joyce Rust \$722,526.42

Tanana Chief Federal Credit Union
527 - 3rd Avenue
Fairbanks, Alaska 99701

Tlingit-Haida Central FCU
114 S. Franklin Street, Room 202
Juneau, Alaska 99801
Stephen Vlahovich *Vlahovich*

Tongass Federal Credit Union
Box 541
Ketchikan, Alaska 99901
JoAnn Higgins \$478,056.92



Pouch V
JUNEAU ALASKA
99811

Alaska State Legislature

October 11, 1977

Senate Committee
on the
Permanent Fund

Dear Director:

During the next session of the Alaska legislature, various pieces of legislation will be proposed concerning the Alaska Permanent Fund. As Chairman of the Senate Committee on the Permanent Fund, I have the responsibility of directing the Senate effort toward this legislation.

The enclosed questionnaire is being sent to all credit unions in Alaska in order to evaluate the availability of credit to Alaskans. Hopefully, it has been prepared in such a way that it will accurately reflect the nature of activities of most credit unions.

In addition, the Committee would like information concerning possible liquidity problems experienced by Alaskan credit unions. It is our understanding that sources of external liquidity for credit unions are commercial banks, central credit unions and other credit unions. Specific information is requested regarding how your organization feels the Permanent Fund might assist your credit union (Form A).

When completing the questionnaire, please identify any information therein which you consider confidential. I hope that I can call on you in the near future for additional advice and assistance.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "George Hohman Jr." with a small mark at the end.

George Hohman, Chairman
Senate Committee on the
Permanent Fund

Enclosures (2)

Credit Union Questionnaire
Form A

Credit Union Name

1. Does your credit union need loans or an outlet for
Certificates of Deposit?

_____ Yes

_____ No

2. To what extent would you have used a bank loan to
meet your local demands pending receipt of savings/share purchases?

During 1975 \$ _____

" " 1976 \$ _____

" " 1977 \$ _____

Projected 1978 \$ _____

" " 1979 \$ _____

3. Does your credit union borrow from banks to finance peak demand periods?

_____ Yes

_____ No

If yes:

Amount / Duration / Interest Rate
\$ _____ months _____ %

If no:

_____ Financing not needed

_____ Bank funds were not available

Credit Union Questionnaire
Form A
Page 2

4. Do you feel the Permanent Fund could assist your credit union by participating in:

a. purchase of Certificates of Deposit?

<u>Amount</u>	/	<u>Term</u>	/	<u>Interest Rate</u>
\$ _____		1 year		_____
\$ _____		2 year		_____
\$ _____		5 year		_____

b. interim financing/line of credit during peak periods:

<u>Amount</u>	/	<u>Duration</u>	/	<u>Interest Rate</u>
\$ _____		_____ months		_____ %

5. If not covered above, your particular suggestions concerning whether or not the Permanent Fund could be of assistance to your organization would be appreciated.

CREDIT UNION QUESTIONNAIRE

1. What group/s comprise your field of membership?

2. Please provide a geographic breakdown of your membership:

_____ Urban Alaska (Anchorage and Fairbanks)

_____ Rural Alaska

_____ Outside Alaska

3. Please check areas of loan activity within your organization and supply further information concerning same:

	<u>Urban</u>	<u>Rural</u>	<u>Outside</u>
_____ Share loans			
Average interest rate	_____ %	_____ %	_____ %
Range of interest rates (if any)	___%to___%	___%to___%	___%to___%
Dollar amount of share loans outstanding	\$ _____	\$ _____	\$ _____
_____ Unsecured loans			
Average interest rate	_____ %	_____ %	_____ %
Range of interest rates (if any)	___%to___%	___%to___%	___%to___%
Dollar amount of unsecured loans outstanding	\$ _____	\$ _____	\$ _____
_____ Mortgage Loans - Conventional			
Length of mortgage	_____ mos	_____ mos	_____ mos
Average interest rate	_____ %	_____ %	_____ %
Range of interest rates (if any)	___%to___%	___%to___%	___%to___%
Dollar amount of mortgages outstanding	_____ \$	_____ \$	_____ \$

Credit Union Questionnaire
Page 2

_____ Mortgage loans (federally insured)	\$_____	\$_____	\$_____
Length of mortgage	___mos	___mos	___mos
Range of interest rates (if any)	___%to___%	___%to___%	___%to___%
Dollar amount of mortgage outstanding	\$_____	\$_____	\$_____

4. What is the approval rate (number of approvals - number of applications) for:

	<u>Urban</u>	<u>Rural</u>	<u>Outside</u>
Share loans	_____	_____	_____
Unsecured loans	_____	_____	_____
Mortgage loans (conventional)	_____	_____	_____
Mortgage loans (federally insured)	_____	_____	_____

5. What factors are most important in loan denials in urban/rural areas?
Please rate from 1 to 10, 1 being the most important factor

	<u>Urban</u>	<u>Rural</u>	<u>Outside</u>
Lack of applicant capital	_____	_____	_____
Undeveloped nature of local economy	_____	_____	_____
Poor credit record of applicants	_____	_____	_____
Lack of applicant experience	_____	_____	_____
Lack of applicant education	_____	_____	_____
Difficulty of servicing loan	_____	_____	_____
Lack of local support services	_____	_____	_____
Lack of government infrastructure	_____	_____	_____
Out of credit union service area	_____	_____	_____

5. (continued)

Other (urban) please specify:

Other (rural) please specify:

Other (outside) please specify:

6. Which types of credit do you think are insufficiently available to urban Alaska?

Housing _____

Development _____

Business venture _____

Other (please specify)

Business expansion _____

Research _____

None _____

7. Which types of credit do you think are insufficiently available to rural Alaska?

Housing _____

Development _____

Business venture _____

Other (please specify)

Business expansion _____

Research _____

None _____

8. Please comment on your impressions of the role played or potentially played by the federal loan programs in the Alaskan economy.

9. What do you perceive as the main credit availability problems in Alaska today?

10. Please comment on your impressions of the role played or potentially played by the state loan programs in the Alaskan economy.

11. What role should the Alaska Permanent Fund play in addressing these problems?

12. How should the Permanent Fund invest its capital?

- A. High grade stocks, bonds, and federal paper _____ %
- B. Certificates of deposit in Alaska financial institutions _____ %
- C. Alaska loan programs
 - 1. New loan programs _____ %
 - 2. Housing loans _____ %
 - 3. Expansion of existing loan programs _____ %
 - 4. Community development _____ %
 - 5. Technological development loans (energy, arctic construction, etc.) _____ %
 - 6. Other (please specify) _____ %

Please return completed questionnaire to:

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

May we contact you personally or by telephone at a later date?

Name _____

Address _____

Telephone number _____

Comptroller
Letter

copy 3

Comptroller of the Currency
Administrator of National Banks

Thirteenth National Bank Region
707 S.W. Washington Street, Room 900
Portland, Oregon 97205

September 2, 1977

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

Dear Senator Hohman:

I am responding to your letter of August 24, 1977. I don't know if we can be of too much help.

The Thirteenth National Bank Region, embracing the States of Alaska, Idaho, Montana, Oregon, and Washington, is headquartered here in Portland. Except for an annual news release (copy enclosed), we do not publish reports on statistics. The Federal Reserve Bank of San Francisco is probably the best west coast source of statistical data.

I'm assuming you are thinking about establishing a state loan fund to assist in the development of Alaskan business and industry rather than placing the receipts in the money market for the highest return. The idea has good possibilities. You could perhaps fund long-term programs at a cost to the borrowers which would be somewhat less than charged by commercial banks. Another arrangement would involve providing guarantees to the banks if they would finance certain projects -- similar to the Small Business Administration's program. In the latter instance, no monies would be expended unless a borrower defaulted.

I can't address the legal implications, but it would seem that the economic impact would be more beneficial than harmful to existing financial institutions. By lending at slightly lower rates and probably for a longer term than banks, you would foster growth which in turn would benefit banks through increased deposits and the necessity to expand services.

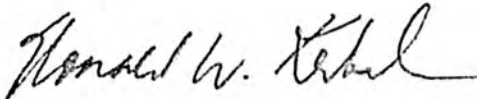
Government sponsored loan programs, such as home mortgage loans at 5.9% granted by the State of Oregon to war veterans, have not undermined the market. The same can be said of the Federal Housing Administration's national mortgage loan guarantee program.

Senator George Hohman
September 2, 1977
Page 2

You anticipate the Permanent Fund to total about \$1.8 billion in 1985. This is a substantial amount and I don't mean to infer that there will be no impact. At the end of 1976, the six national banks in Alaska had an aggregate loan total of \$0.6 billion. If we estimate that national bank loans grow 15% per year, the total will amount to \$2.2 billion by the end of 1985, not a great deal larger than your fund. Loans by state banks are in addition to this figure, of course.

Hopefully this has been of some help. Please let us know if we can be of further assistance.

Sincerely,



DONALD W. KERBEL
Deputy Regional Administrator
for Examinations
Thirteenth National Bank Region

enclosure

Contracts

CONTRACT BETWEEN
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
AND
DITTMAN RESEARCH ASSOCIATES

The parties of this agreement are DITTMAN RESEARCH ASSOCIATES, hereinafter referred to as the "Contractor", and the LEGISLATIVE AFFAIRS AGENCY, on behalf of the Legislative Council's Interim Committee on the Alaska Permanent Fund (Senate), hereinafter referred to as the "Agency".

THE PURPOSE OF THIS AGREEMENT is to provide the Alaska State Legislature with information and recommendations from Alaskan citizens with respect to the Alaska Permanent Fund:

IT IS THEREFORE MUTUALLY AGREED THAT:

CLAUSE I. STATEMENT OF WORK

(A) The Contractor will:

- (1) Design sample plan for the geographic area known as the State of Alaska in which all residents shall have approximately the same chance of being included.
 - (a) The sample plan shall include four primary Alaskan regions: North/Northwestern, Central/Interior, South-central and Southeastern.
 - (b) The number of respondents shall not be less than 400.
 - (c) The number of respondents in sample from each region shall be in proportion to the total sample as the regional population.
- (2) Develop and utilize questionnaire instrument to include questions requested by the Agency and others as considered necessary for effective questionnaire design. The questionnaire instrument is subject to approval by the Project Director or his designee prior to use.
- (3) Execute the survey in accordance with the design developed under (A)(1) of this clause, using the questionnaire agreed to in accordance with (A)(2) of this clause.
- (4) Review, edit, code, keypunch and process all data involving quantitative responses.

- (5) Summarize in narrative format all qualitative responses.
 - (6) Provide for analysis, report writing, collation, printing and graphics for final report.
 - (7) Prepare executive summary of findings.
- (B) The Contractor will be available to attend committee meetings, as specified by the Project Director and to provide briefings and descriptions of reports and findings resulting from work described under Clause I(A).

CLAUSE II. -- PERIOD OF PERFORMANCE

- (A) Final reports required under Clause I(A) shall be delivered to the Project Director or his designee within 35 days from receipt of approval of questionnaire instrument.
- (B) Unless extended by written agreement, this contract expires 10 days following delivery of final reports to the Project Director or his designee, or on 9 January 1978, whichever comes first.

CLAUSE III. - PROJECT DIRECTOR

The Project Director shall be The Honorable George Hohman, Chairman of the Senate Permanent Fund Committee.

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

- (A) Contractors compensation for the work specified in Clause I(A) shall be \$8,000.00, except that the amount shall be reduced by 1% for each day of delay past the day the work is due as described in Clause II.
- (B) One-half total compensation (\$4,000.00) shall be paid to the Contractor immediately prior to initiation of work, with the remaining half (\$4,000.00) due upon completion and presentation of work results to the Project Director.
- (C) Invoices for billings shall be submitted to the Project Director or his designee.

CLAUSE V. - RECORDS, DOCUMENTS, AUDIT

- (A) The Contractor shall maintain accurate records of the work as required by the Project Director. The records are subject to inspection by the Project Director or his designee at all times.

(B) All documents, reports and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska, and on completion of the work or at the termination of this contract shall be delivered to the Project Director or his designee.

CLAUSE VI. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties of this agreement.

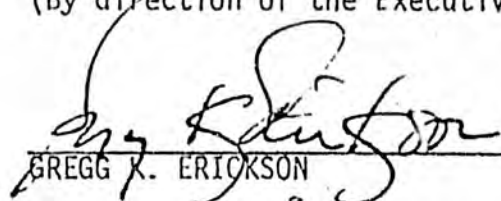
IN WITNESS THEREOF, the parties have executed this agreement on the dates noted.

CONTRACTOR

LEGISLATIVE AFFAIRS AGENCY
(By direction of the Executive Director)

DAVID L. DITTMAN
DITTMAN RESEARCH ASSOCIATES
3230 "C" Street
P.O. Box 4-1234
Anchorage, Alaska 99509

Date



GREGG K. ERICKSON

Date


10/21/77

Accepted:

Approved as to form:


GEORGE HOHMAN, CHAIRMAN
SENATE PERMANENT FUND COMMITTEE

Date


AGENCY LEGAL COUNSEL

Date

10-21-77

10/1/6

CONTRACT BETWEEN
STATE OF ALASKA
LEGISLATIVE AFFAIRS AGENCY
AND
ALASKA SEA GRANT PROGRAM

The parties of this agreement are the LEGISLATIVE AFFAIRS AGENCY (acting on behalf of the Legislative Council's Senate Interim Committee on the Alaska Permanent Fund), hereinafter referred to as the "Agency", and the ALASKA SEA GRANT PROGRAM, hereinafter referred to as the "Consultant".

THE PURPOSE OF THIS AGREEMENT is to provide the Interim Senate Committee on the Alaska Permanent Fund, through the Agency, consulting assistance in regard to (1) cooperative banks and production credit associations and their potential role in the development of the Alaska bottomfish industry, and (2) the implications of foreign investment to the development of the Alaska bottomfish industry and State policy.

IT IS THEREFORE, MUTUALLY AGREED THAT:

CLAUSE I. STATEMENT OF WORK

(A) The Consultant shall provide the services of Dr. Franklin Orth to prepare two written reports for the Committee as described below:

- (1) A report on the potential advantages to the Alaska fishing industry of the operation in Alaska of a cooper-

ative bank or a production credit association. The analysis shall include:

(a) the status of existing fishing cooperatives within Alaska at the present;

(b) the status of cooperative financial assistance institutions nationwide;

(c) an analysis of the organizations and charters of the two institutions with emphasis on the usefulness of these organizations to the Alaska fishing industry.

(2) A report on the potential implications of foreign investment on the development of the Alaska bottomfish industry. The analysis shall include the potential impact of foreign investment on:

(a) price paid to Alaska fishermen for their catch;

(b) the level of activity of shore-based processing, especially considering employment levels and State revenues;

(c) the rate of development of the resource;

(d) the possible foreclosure of preferable long-range options for the development of the Alaska fishing industry

and State policy.

CLAUSE II. - PERIOD AND DATES OF PERFORMANCE

- (A) The work under this contract shall be performed prior to October 10, 1977.
- (B) This contract may be terminated by either party on written notice to the other.

CLAUSE III. - PROJECT DIRECTOR

The Project Director shall be Senator George Hohman, Chairman of the Interim Senate Committee on the Alaska Permanent Fund.

CLAUSE IV. - COMPENSATION AND METHOD OF PAYMENT

For work specified in Clause I, the Consultant shall be compensated at a rate of \$900 per week for Dr. Orth's services, payment of which shall be inclusive of all expenses that may be incurred in carrying out the work specified in Clause I, except for travel and per diem expenses. The Consultant shall receive \$1165 for travel expenses: the sum of which is to pay for a round trip airline fare, coach class, from Fairbanks, Alaska to Washington, D.C., with intermediate stops in Seattle and Spokane, Washington; a round trip airline fare from Fairbanks, Alaska to Juneau, Alaska; and seven days of per diem. Total compensation under this contract including expenses shall not exceed \$7500. The Consultant shall be paid upon completion of the work as outlined in Clause I.

CLAUSE V. - RECORDS, DOCUMENTS, AUDIT

The Consultant shall maintain accurate records, including detailed time records, as may be required by the Project Director. The records are subject to inspection by the Project Director at all reasonable times. All documents, reports and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska, and on completion of the work or at the termination of this contract shall be delivered to the Agency.

CLAUSE VI. - REPORTS

The Consultant shall keep the Project Director informed as to the progress of the work performed under this agreement and shall provide progress reports as specified by her, with a copy of each report to the Director of Research, Legislative Affairs Agency.

CLAUSE VII. - OFFICE SPACE, EQUIPMENT, CLERICAL SUPPORT

Office space, equipment and clerical support to the Consultant that will be necessary to carry out the Consultant's obligations under this contract shall be supplied by the Consultant, at no cost to the Agency.

CLAUSE VIII. - ALL WRITINGS CONTAINED HEREIN

This agreement contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this agreement shall be deemed to exist or to bind either of the parties to this agreement.

