

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1269 SCRA SB 127 - SB 168 / 26

DRAFT

It would be hard to find many other profit corporations who have that last clause in their statement of purpose. Because the word "social" appears in these Articles, the Small Business Administration can not make loans directly to these village corporations, but must work with a wholly-owned subsidiary corporation formed by the village corporation. Once a village corporation enters into a business activity of any size, following the advice of attorneys, many corporations have chosed to shield their ANCSA benefits (land and cash settlement) from liability by setting up these subsidiaries to conduct these business activities. The intent of this proposal is not to provide technical assistance to the subsidiary corporations—just to the ANCSA village corporations (or consolidations) as defined in the Act.

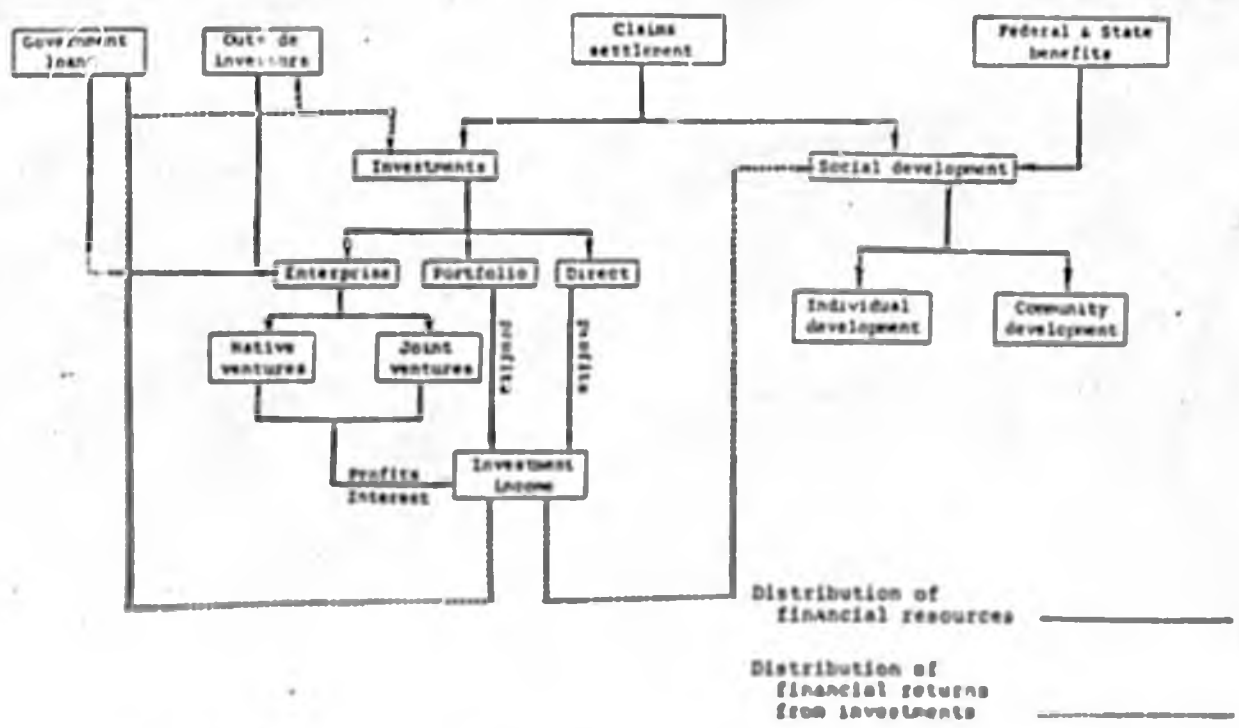
While the village corporations are set up under Alaska corporate law, and are in business to make money for their shareholders, the leaders cannot ignore social and cultural problems. Because of the structure of the corporation, and the close proximity of the shareholders to the village corporation leadership, the social and cultural issues are much more obvious than with most profit-making corporations in this country. The shareholders of these corporations are primarily low income persons, the majority of whom live in small rural communities and are dependent on subsistence hunting and fishing for much of their livelihood. Thus, investment decisions of the Native corporations must reflect the concerns of their shareholders, even though many of these concerns are social. Native shareholders want more than just a dividend. They want protection of the subsistence lifestyle, jobs, access to their corporate leaders, enhancement of their culture, and other considerations which seldom, if ever, are discussed in the board rooms of profit-making corporations. 6

In addition to the Articles of Incorporations, the Bylaws of each village corporation in the Doyon Region limits the leadership of the corporation to the shareholders of that corporation. Profit corporations can, and usually do, find the most qualified people to lead the corporation as members of the board of directors. ANCSA corporation shareholders elect directors from within their own ranks, often resulting in leaders who have the most political power to sway votes (collect proxies?), or who have the largest families, rather than those leaders who have the most managerial capabilities. The political atmosphere in many village corporations is further magnified by the sums of money involved, the poverty of a majority of the shareholder, and the inexperience of the board members to cope with their fiduciary responsibilities. At the present time, there is pressure on many village corporations to distribute the state's final settlement to the Alaska Native Fund. As the At-Large Shareholders receive their \$2,000.00 checks in the mail, the pressure on village corporation leadership to provide this same benefit to village shareholders will further increase. 7

It is obviously too early to tell whether or not Native corporations can overcome the complicities of the Act and the economic and cultural conflicts which are inherent in the settlement. Some Native Corporations have already experienced unfortunate failure while others are off to a somewhat better but perhaps not too secure start. It is abundantly clear that Native corporations will need the cooperation and support of the State if they are to survive and prosper. It is obvious that should the Claims Act fail in its goals to increase Alaska Natives standard of living while still protecting their culture, Alaska Natives will become both an economically and culturally deprived people. Such failure would be a major disaster for the State of Alaska and would be extremely costly both in economic and social terms. 8

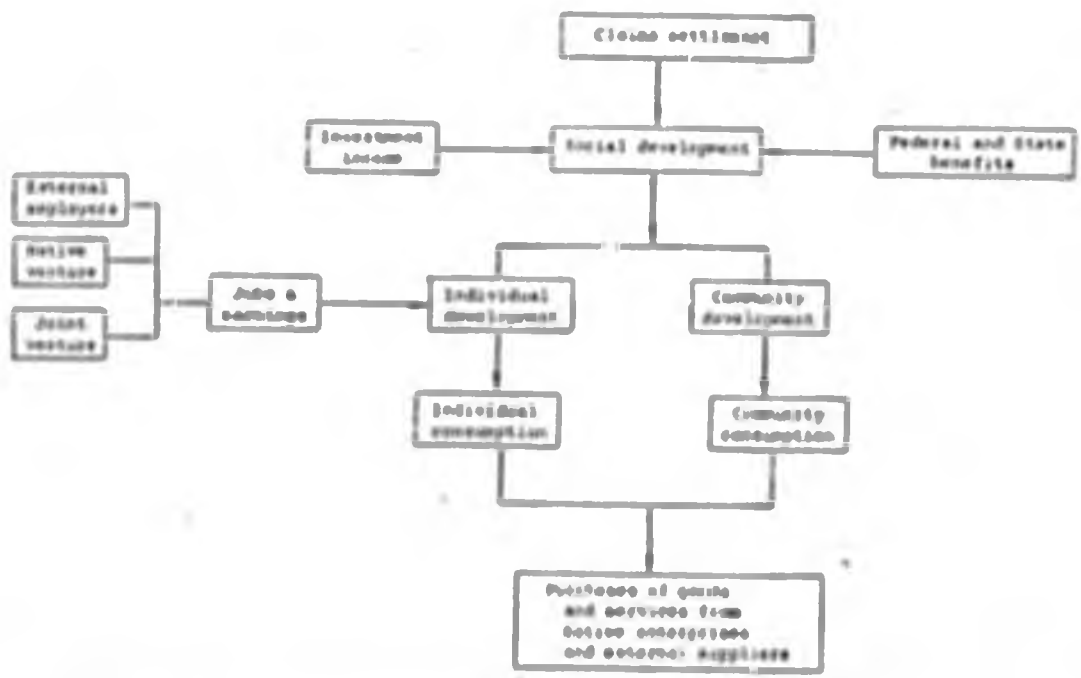
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CHART 1. DISTRIBUTION OF FINANCIAL RESOURCES FOR INVESTMENT AND SOCIAL DEVELOPMENT



Source: Robert B. Nathan Associates, Inc.

CHART 2. SOURCES OF REVENUE FOR SOCIAL DEVELOPMENT



Source: Robert B. Nathan Associates, Inc.

II. Public Interest. What is public policy toward private development?

In recent years, the trend in Federal and State policy toward economic development is away from the public sector and toward a strong private sector, recognizing that the future of a healthy free enterprise system lies not with strengthening government, but with creating wealth through private sector business activities.

The most obvious impact of this trend will be in the U. S. Department of Labor's Comprehensive Employment and Training Act programs (CETA) and the new Private Sector Initiatives Program. Such a program, just becoming established in Alaska, has as its primary intent to foster the involvement and assistance of the business community in the development of local CETA programs.

The Department of Agriculture, through the rural development programs of the Farmers Home Administration, has established three general goals of rural development:

- Increase the earning capacity of rural people so local economies will be strengthened by the direct and indirect effects of improved private sector employment;
- Improve rural standards of living, including better housing, clean and safe water, and the other public services and facilities; and
- Build the private and Government capacities of local areas to sustain development.

Other Federal programs to assist private enterprise are also well known: OMBE (Minority Business Enterprise), SBA (Small Business Administration) and EDA (Economic Development Administration) are just a few.

The Legislature of the State of Alaska has recently established a policy toward rural economic development through the private sector. In House Bill 932, passed and signed by the Governor within the last month, the Rural Development Council was created. In the Act, the following statements are made:

The legislature finds that there is a public interest in the development of a healthy private economic base in rural Alaska, that the rural areas of the state and the many small communities of the state have been in economic crisis for decades, and that in many rural communities a private economic base has ceased to exist which conditions endanger the economic, social and cultural well-being [there are those words again!] of the state's rural citizens and the healthy growth and balance of the state's entire economy.

This bill further established a policy of the legislature that:

1. Villages and small communities should have access to economic development opportunities;
2. There is a special commitment to the development of a private economic base for villages and small communities;
3. The state should use its resources and financial strength to encourage the development of a healthy, self-sustaining rural economy;
4. The state has the primary policy responsibility to act and to catalyze commitment among many interests...to promote a private economy in rural areas;
5. The advocacy of a private economy compatible with preservation of the subsistence economy should be one of the highest priorities of state policy.

DRAFT

A Conference on Alaska's Future Frontiers was held at the Sheraton Anchorage Hotel on December 6, 7 & 8, 1979. To quote Senator George Hohman, Jr., and Representative Russ Meehins, Co-Chairmen of the conference:

The Conference on Alaska's Future Frontiers was a success. The delegates who attended are a highly motivated cross-section of Alaskans. They produced thoughtful recommendations that will stand the test of time in setting both immediate priorities and long-range goals for state government.

The recommendations and resolutions of the five study groups further support the change in public policy toward private development. Some of these recommendations on Resource and Economic Development are:

- emphasis should be placed on development of alternative energy technologies (mostly small scale) and local self-sufficiency.
- the conversion of nonrenewable to renewable energy sources should take place as rapidly as possible and be encouraged through regulation and strong financial incentives.
- to the maximum extent, Alaskan resources should be used in Alaska for Alaskans.
- The State economic policy should be to develop with goals of desirable social and economic development toward the improvement and strengthening of the private sector.
- Maximum self-sufficiency is provided by and for the people, through the encouragement of small scale self-sustaining business, agriculture, manufacturing, resource and energy utilization.
- Continue to vigorously promote the development of our agricultural potential so that the State becomes as self-sufficient as possible.
- The State legislature should specially encourage small-scale utilization of alternative energy resources. This would include use by individuals, families and small businesses.

Within the last year, the Joint Federal-State Land Use Planning Commission published its Final Report. Their recommendations on the further implementation of ANCSA is further support of our position. Even more interesting reading is contained in their report #44, which contains Policy Recommendations, Summary and Reports. Of primary importance to this proposal, is that following recommendation to the Governor:

The commission believes that a statewide development organization should exist with sufficient funding to serve ANCSA village corporation needs for technical, administrative and educational assistance for at least a decade.

The village corporations in the Doyon Region recognized this need on their own back in 1975, and formed Interior Village Association to answer some of these needs. Over the last five years, IVA has been quietly providing training and technical assistance to the village corporations in the region in the areas of accounting, shareholder relations, business development, land management, general corporate administration and para-legal training. IVA is recognized by the Internal Revenue Service as a publically supported 501(c)(3) non-profit tax-exempt organization.

DRAFT

III. Alternative Development Project. What kind of technical assistance is being proposed, and what will be the primary benefit in the public interest?

The overall goal of the program is simply Rural Economic Development and Village Self-Reliance. As defined in the proposal:

Village Corporations are best suited to be the local economic development agents for several reasons. As owners of the surface estate of the majority of land within and surrounding the villages, the corporations must be involved to some degree in any renewable resource project involving agriculture or timber.

Village corporations, as a whole, represent the most viable potential for rural Alaska. These corporations have the three main ingredients for successful economic development: People, money and land/resources. No other entities exist in rural Alaska which have these qualities. The single most apparent lack within these corporations is the technical ability to successfully manage their assets in a way which is consistent with traditional rural Alaska lifestyles and cultures and which is economically sound.

Under the program, as proposed, technical assistance is the means by which the village corporations can assess the economic development needs of its shareholders, can become committed to a development planning process, can analyze the resource potential of its land, and can begin implementation of specific projects that will fulfill the goals of the corporation .

The program designed by IVA, based on years of first-hand experience working with village corporations, involves meeting with the village corporation boards of directors, and establishing the cornerstones of a sound decision-making process: goals, policies and procedures. Having the basic direction and guidelines for the corporation established, then a firm foundation will exist upon which sound decisions can be made. In addition to the Corporate Decision Model, IVA will assist the corporation in evaluating its own land resources for development potential. Then, as a training institution, IVA will develop individualized training programs to meet the needs of the people who will be involved in the particular enterprises being developed. Special programs are being conducted right now to train land and resource managers for ANCSA village corporations under a CETA training program. If successful, a more in-depth Entrepreneurship Training program will be developed.

The basic principle underlying the whole IVA approach will be consistent with Appropriate Technology and small scale cottage industries that do not require highly trained manpower or complicated management structures.

DRAFT

137
SFB



Official Business

Alaska State Legislature

Senate Committee on Community & Regional Affairs

465-4934
465-4935

Donald Gilman, Chairman
Robert H. Ziegler, Sr., Vice-Chairman
Mike Colletta
Arliss Sturgulewski
Frank Ferguson

Pouch V
State Capitol
Juneau, Alaska 99811

February 10, 1981

MEMORANDUM

TO: Senate CRA
FROM: David Dye, Committee Staff
RE: Senate Bill 137

Last year an amendment was added to the reporting and audit requirements of the Municipal Bond Bank Authority. That amendment [AS 44.85.100(b)] requires the Bond Bank to estimate the amount of revenue bonds it would issue during the following 12-month period. The Bond Bank may not issue revenue bonds other than refunding bonds unless the legislature approves this estimate.

The Bond Bank has estimated that it will purchase \$20 million of municipal revenue debt during fiscal year 1982. The sole purpose of SB 137 is to authorize the Bond Bank to purchase this amount of municipal revenue debt.

Individual municipal bond issues which will be purchased have not been identified at this time.

CHAIRMAN:
NORMAN J. LEVESQUE

BOARD MEMBERS:
THOMAS K. WILLIAMS
LEE MCANERNEY
LANCE ANDERSON
CARROLL FADER



601 WEST FIFTH AVENUE
SUITE 430
ANCHORAGE, ALASKA 99501
(907) 274-7366

EXECUTIVE DIRECTOR:
DAVID A. ROSE

ALASKA MUNICIPAL BOND BANK AUTHORITY

ESTIMATE OF BONDS TO BE ISSUED IN FY 1982

The Authority has not identified individual municipal bond issues it will purchase during Fiscal Year 1982.

It is estimated that approximately \$25 million of general obligation debt will be purchased and \$20 million of revenue debt.

Sufficient capital reserve funds for leveraging have been appropriated by the Legislature to fund this level of bonding.

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

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601 WEST FIFTH AVENUE
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EXECUTIVE DIRECTOR:
DAVID A. ROSE

ALASKA MUNICIPAL BOND BANK AUTHORITY

The Honorable Jay Hammond
Governor of the State of Alaska

The Honorable Clem Tillion
President of the Alaska State Senate

The Honorable Terry Gardiner
Speaker of the Alaska State House of Representatives

CERTIFICATE

I, NORMAN J. LEVESQUE, CHAIRMAN OF THE BOARD OF DIRECTORS OF THE ALASKA MUNICIPAL BOND BANK AUTHORITY, HEREBY CERTIFY THAT THE AMOUNT OF FUNDS NECESSARY TO RESTORE THE DEBT SERVICE RESERVE FUND TO AN AMOUNT EQUAL TO THE REQUIRED DEBT SERVICE RESERVE IS AS FOLLOWS:

\$ 0.00 ZERO DOLLARS AND NO CENTS

THERE HAVE BEEN NO DEFAULTS, NO MONETARY DEFICIENCIES EXIST AND NO APPROPRIATION FOR THE PURPOSE OF RESTORATION OF FUNDS IS BEING SOUGHT.

THIS CERTIFICATE IS ISSUED PURSUANT TO ALASKA STATUTES 44.58.270g AND PURSUANT TO PARAGRAPH 911 OF THE GENERAL BOND RESOLUTION OF THE AUTHORITY ADOPTED MAY 27, 1976.

By: Norman J. Levesque
NORMAN J. LEVESQUE, CHAIRMAN

11/20/80
DATE

Attest: David A. Rose
DAVID A. ROSE, SECRETARY

11/20/80
DATE



CHAIRMAN:
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BOARD MEMBERS:
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The Honorable Jay Hammond
Governor of the State of Alaska

The Honorable Clem Tillion
President of the Alaska State Senate

The Honorable Terry Gardiner
Speaker of the Alaska State House of Representatives

CERTIFICATE

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THIS CERTIFICATE IS ISSUED PURSUANT TO ALASKA STATUTES 44.58.270g AND PURSUANT TO PARAGRAPH 911 OF THE RESOLUTION AUTHORIZING THE ISSUANCE OF ALASKA MUNICIPAL BOND BANK AUTHORITY 1980 REVENUE BONDS (KETCHIKAN PROJECT) ADOPTED MAY 9, 1980.

By: Norman J. Levesque
NORMAN J. LEVESQUE, CHAIRMAN

11/20/80
Date

Attest: David A. Rose
DAVID A. ROSE, SECRETARY

11/20/80
Date



CHAIRMAN:
NORMAN J. LEVESQUE

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THERE HAVE BEEN NO DEFAULTS, NO MONETARY DEFICIENCIES EXIST AND NO APPROPRIATION FOR THE PURPOSE OF RESTORATION OF FUNDS IS BEING SOUGHT.

THIS CERTIFICATE IS ISSUED PURSUANT TO ALASKA STATUTES 44.58.270g AND PURSUANT TO PARAGRAPH 911 OF THE RESOLUTION AUTHORIZING THE ISSUANCE OF ALASKA MUNICIPAL BOND BANK GENERAL OBLIGATION BONDS, SPECIAL ISSUE ADOPTED APRIL 8, 1980.

By: Norman J. Levesque
Norman J. Levesque, Chairman

11/20/80
Date

Attest: David A. Rose
David A. Rose, Secretary

11/20/80
Date



In the opinion of Counsel, interest on these Bonds is exempt from Federal income taxes under present statutes, regulation, and court decisions.

NEW ISSUE

RATINGS—Bondy's A
S&P A

\$10,080,000

Alaska Municipal Bond Bank
General Obligation Bonds, 1980 First Special Issue

Dated: April 1, 1980

Due: April 1, 1982-1990

Description: The Bonds will be general obligations of the Alaska Municipal Bond Bank (AMBB) and in \$5,040 denomination. They will be sold in book form, payable to the order of the holder, and registered form without endorsement. Interest will be payable to the order of the holder by the Trustee, Ramoet National Bank, New York, New York, on the first day of each month and principal will be payable to the order of the holder by the Trustee, Ramoet National Bank, New York, New York. Interest on the Bonds will be payable semi-annually on the first day of October and April commencing April 1, 1981.

Redemption Provisions: The Bank reserves the right, at its option, to redeem the Bonds maturing on or after April 1, 1981, in whole or in part in equal numerical order, on and after April 1, 1981, or any date thereafter upon the payment of 105% of the principal amount of such Bonds redeemed plus accrued interest thereon to the date of redemption, with an additional amount of 1% of the principal amount of such Bonds if redeemed on or after April 1, 1981, and after April 1, 1981, there will be given of purchase price of such Bonds. The Bank reserves the right to redeem the Bonds at any time and from time to time at its option.

A Year of Innovation

AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS OR PROFITS

Series	Maturity	Amount	Yield	Series	Maturity	Amount	Yield
1980	1982	10,080,000	10.00%	1980	1982	10,080,000	10.00%
1980	1983	10,080,000	10.00%	1980	1983	10,080,000	10.00%
1980	1984	10,080,000	10.00%	1980	1984	10,080,000	10.00%
1980	1985	10,080,000	10.00%	1980	1985	10,080,000	10.00%
1980	1986	10,080,000	10.00%	1980	1986	10,080,000	10.00%
1980	1987	10,080,000	10.00%	1980	1987	10,080,000	10.00%
1980	1988	10,080,000	10.00%	1980	1988	10,080,000	10.00%
1980	1989	10,080,000	10.00%	1980	1989	10,080,000	10.00%
1980	1990	10,080,000	10.00%	1980	1990	10,080,000	10.00%

1980 Annual Report
and Financial Statements

CHAIRMAN:
NORMAN J. LEVESQUE

BOARD MEMBERS:
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EXECUTIVE DIRECTOR:
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ALASKA MUNICIPAL BOND BANK AUTHORITY

November 1, 1980

The Honorable Jay S. Hammond
Governor of the State of Alaska

President of the Alaska State Senate

Speaker of the Alaska State House of Representatives

Gentlemen:

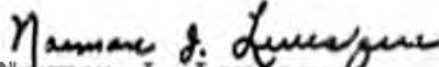
This fifth annual report of the activities of the Alaska Municipal Bond Bank Authority is submitted in accordance with AS 44.58.100.

During Fiscal Year 1980, the Bank was engaged in more bond sale activity than during any other period in its history. This occurred despite the fact that the bond market was extremely volatile with interest rates reaching all time highs.

Fiscal Year 1980 was a year of innovation. In an attempt to meet the needs of Alaskan cities, the Bank devised four new bond resolutions including some believed to be new national prototypes.

The Board of Directors is extremely proud of the past year's accomplishments and expresses its gratitude to the State Administration and Legislature for its strong support of the Bond Bank program.

Sincerely,


Norman J. Levesque
Chairman of the Board

THE BOND BANK

The bank is a public corporation created by State law. It has a legal existence independent of and separate from the State and the full faith and credit of the State is not pledged to secure bonds issued by the bank.

The membership of the Authority consists of five directors: the Commissioner of Revenue, the Commissioner of Community and Regional Affairs and three directors appointed by the Governor.

The directors elect one of their members as chairman. The powers of the Authority are vested in the directors, and three directors of the Authority constitute a quorum. Action may be taken and motions and resolutions adopted by the Authority at any meeting by the affirmative vote of at least three directors except that no decision to approve an application for a Loan shall be made unless at least two of the three public members vote to approve. A vacancy in the directorship of the Authority does not impair the right of a quorum to exercise all the powers and perform all the duties of the Authority. The affairs of the Authority are managed by an Executive Director who is appointed by the directors.

ADAPTABILITY

The Bank has been able to consistently meet the needs of Alaskan cities in both good and poor financial climates. During the past year, it demonstrated its ability to adapt to changing market conditions. Creative financing was facilitated by the development of new bond indentures designed to take advantage of the Federal Coastal Energy Impact Program and a State of Alaska Municipal Bond Subsidiary Program. Additionally, the Bank marketed two revenue bond issues under the above programs.

FUNDING

Operating Appropriations

Operations of the Bank are not funded by appropriation. Operational funds are provided by fees and charges and interest earned on investments. The Legislature, however, does review and approve the operational budget. Surpluses earned over and above the budgeted expenditure level are donated to the general fund. A history of operational appropriations is provided below:

Recap of General Fund Appropriations to Fund Operations of the Bank

FY 1976	Original General Fund appropriation	(\$ 24,000)
FY 1977	General Fund appropriation	(60,000)
FY 1978	General Fund appropriation	-0-
FY 1979	General Fund appropriation	-0-
FY 1980	General Fund appropriation	-0-
FY 1981	General Fund appropriation	-0-
FY 1982	General Fund appropriation request	-0-
	Total operating appropriations to date	(\$ 84,000)
FY 1977	Surplus refunded to State	\$ 45,972
FY 1978	Surplus refunded to State	143,933
FY 1979	Surplus refunded to State	140,759
FY 1980	Surplus refunded to State	460,649
	Net Surplus to State since inception	\$791,213

CAPITAL APPROPRIATIONS

The Bank is a major capital importer to the State. A capital appropriation is utilized to establish a reserve fund which remains intact; not depleted or consumed in any way. The reserve fund is normally used to leverage debt in a ten to one ratio. For every \$1.0 million placed in the reserve fund, \$10 million of outside capital is attracted to the State.

Capital Appropriations from the General Fund for Funds Leveraging

FY 1976	\$ 3,000,000
FY 1977	1,000,000
FY 1979	500,000
FY 1980	1,500,000
FY 1980	2,978,232
FY 1981	3,000,000

Capital Appropriation for Interest Subsidy

FY 1980	\$ 1,521,768
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THE MAINSTREAM PROGRAM

(1976 General Bond Resolution)

The Bank's primary program was created in 1976. A total of twelve separate general obligation series has been issued in the principal amount of \$40,990,000. Due to the chaotic bond market, only \$2,785,000 was issued under this indenture during the year.

Two Cities were served:

City of Palmer	\$1,950,000	Water, sewer, streets, paving
Sitka	\$ 700,000	Paving

The remaining \$135,000 was added to the Ordinary Reserve Fund.

The Bonds were rated "A" by both rating services.

SECURITY FOR BONDS

The Bank operates under a General Bond Resolution which sets forth the technical financing structure of the Authority and the security mechanisms to protect our bondholders. The security features of the Resolution are summarized below:

Alaska Municipal Bond Bank bonds are supported by the general obligation bonds of the cities involved. The municipal bonds are supported by the full faith and credit of the respective communities.

Alaska Municipal Bond Bank bonds are supported by a "pay over" procedure. If a municipality defaults on its principal and/or interest payments, the Bank must levy on the State of Alaska and the State of Alaska must pay over to the Bank all funds due the municipality from the State in an amount sufficient to clear the default.

Alaska Municipal Bond Bank bonds are supported by a ten percent cash reserve placed by the Bank with a trustee. This ten percent reserve, a strong provision which is unique to the Alaska Bond Bank, is made possible by State capital appropriations.

Alaska Municipal Bond Bank bonds are supported by a five percent capitalized reserve. When Bank bonds are sold a total of five percent more bonds are sold than is required to buy the debt of municipalities. This extra five percent remains with the trustee during the life of the bonds and is repaid in the final maturity year. Although the Bank must pay interest on these monies, the principal is invested in Federal securities with a higher yield than that which must be paid by the Bank. Thus, not only is an additional reserve of five percent provided but legally allowable arbitrage earnings as well.

SUMMARY OF CITIES SERVED AND PURPOSE OF LOAN OBLIGATIONS PURCHASED

City of Seward	Sewer
City of Kodiak	Roads, drainage, fire equipment
Matanuska Susitna	School construction
City of Homer	Public safety building
City of Nome	Library, fire station
City of Seldovia	Sewer
Juneau	Fire stations
City of Ketchikan	Port
City of Bethel	Municipal building
City of Ketchikan	Hospital construction
City of Ketchikan	Sewer
Sitka	Sewer
Sitka	Water
Juneau	Crash station
City of Wrangell	School construction
City of Fairbanks	Water
City of Seldovia	Water, sewer (two issues)
Matanuska-Susitna	School addition
City of Palmer	Water, sewer, streets, paving
Sitka	Paving

BOND RATINGS

Each individual issue of the Bank is reviewed by Moody's Investors Service and Standard and Poor's Corporation. Bond ratings assigned to Bank Bond issues as of June 30, 1980 are as follows:

	Moody's	S & P
1976 Series A (refunded)	AAA	---
1976 Series B	A	A
1976 Series C	A	A
1977 Series A	A	A
1977 Series B	A	A
1977 Series C	A	A
1978 Series A	A	A
1978 Series B	A	A
1978 Series C	A	A
1979 Series A	A	A
1979 Series B	A	A
1979 Series C	A	A

POST FISCAL YEAR ACTIVITY

Subsequent to the close of Fiscal Year 1980, the Bank issued a series of General Obligation Bonds in the amount of \$16,170,000. Proceeds from the sale of these bonds have been used to purchase bonds of five communities as follows:

City of Fairbanks	\$ 250,000	Water, Sewer
City of Homer	1,650,000	Water, fire station
City of Unalaska	1,000,000	School
City of Kenai	400,000	Building
Kodiak Island Borough	12,100,000	Schools

The remaining \$770,000 has been added to the Ordinary Reserve Account.

The bonds were rated "A" both rating services.

INTEREST SUBSIDIARY PROGRAM

(1980 General Bond Resolution)

It became apparent during the year that general obligation bond interest rate levels, having climbed substantially beyond the normal five to seven percent range, had reached a new plateau at or in excess of eight percent.

Since several Alaskan communities had voter approval to issue debt at a level no higher than eight percent, it became apparent that these "caps" would preclude new bonding and seriously disrupt capital improvement programs in general and the 1980 summer construction season in particular.

The State Administration and Legislature moved rapidly during March 1980 to enact House Bill 950 which provided an appropriation to subsidize interest rates on municipal bonds in excess of eight percent.

BONDS ISSUED

Immediately upon passage of the interest subsidy appropriation the Bond Bank issued \$10,080,000 of its bonds at negotiated sale. Proceeds of the sale were applied as follows:

Bristol Bay Borough	\$4,000,000	School
Sitka	5,600,000	Hospital

The remaining \$480,000 was deposited in the Ordinary Account of a new reserve fund.

The bonds were rated "A" by both rating services.

STRUCTURE AND SECURITY OF THE BONDS

Under the subsidy program, the Bank issues its debt at market interest rates. The Bank then purchases municipal debt at the eight percent level. The Bank deposits in to the Special Interest Account United States Government securities, the principal and interest on which, when due, will provide monies which, together with municipal bond interest payments, are sufficient to pay the interest on Bank bonds as it becomes due. The Special Interest Account is held by the Trustee pursuant to an escrow agreement.

In addition to this unique Special Interest Account the Bank furnishes a ten percent cash reserve from appropriated funds and an additional five percent reserve from bond proceeds. The "pay over" procedure is also applicable under the 1980 General Bond Resolution.

COASTAL ENERGY RESERVE BONDS

The Bank has established a further series of bonds (under a separate general resolution) to provide for loans to local governments which qualify for aid under the Coastal Energy Impact Program (CEIP). CEIP is a federal program authorized by the Coastal Zone Management Act of 1972 and administered by the US Secretary of Commerce to provide financial assistance to coastal states and local governments to improve public facilities and services required as a result of coastal energy activity.

The Department of Commerce and the Bank have entered into an agreement whereby the Bank is the direct lending agency for the CEIP in Alaska, with a loan amount of \$50 million available to make loans to local governments or to establish reserves for loans made to local governments, under separate tripartite agreements between the Bank, a municipality and the Federal Government.

On July 1, 1979, the Bank issued the 1979 Series A Coastal Energy Reserve Bonds (in the amount of \$3,755,000) to finance a loan to the Municipality of Anchorage Water Utility.

These revenue bonds were rated "AAA" by both rating services.

STRUCTURE AND SECURITY OF THE BONDS

Under the resolution the Bank has borrowed \$3,755,000 from the U.S. Government and has evidenced such loan through the issuance of a CEIP Bond to the Government. The proceeds of this loan have been placed with the bond Trustee as a 100 percent reserve supporting the Coastal Energy Reserve Bonds.

The Municipality of Anchorage has pledged to maintain revenues equal to at least 1.25 times annual debt service and to maintain a Bond Reserve Account so that within five years the balance in the Account will equal maximum annual debt service.

1980 REVENUE BONDS (Ketchikan Project)

This small revenue bond issue, a private placement, utilizes a portion of the funds appropriated by the State Legislature for interest subsidies.

A total of \$410,000 in bonds were sold under a closed indenture to enable the Bank to purchase municipal revenue bonds from the Ketchikan Gateway Borough for the purpose of airport improvements.

STRUCTURE AND SECURITY OF THE BONDS

Under the resolution and loan agreement, the Ketchikan Gateway Borough will maintain revenues at an amount equal to at least 1.35 times the amount required in each year to meet debt service.

Additionally, the Borough will accumulate an amount in a Bond Reserve Fund equal to \$50,000 over a five year period.

The Bank deposited \$10,250 into a reserve account held by the Bond Trustee. Also, \$47,357.61 was placed into a Special Interest Account to make up the differential between the interest rate paid on the Bond Bank bonds and the interest rate paid by the Borough on its bonds purchased by the Bank.

COASTAL ENERGY LOAN PROGRAM

Under this program the Bank borrows funds from the U.S. Government under the Coastal Energy Impact Program and buys bonds issued by municipalities.

Because the bank issues a CEIP bond to the Government as evidence of debt, there is no additional marketing of Bond Bank bonds.

The interest rate charged to the Bank by the Government is the same rate charged by the Bank to the municipality involved.

During the year the Bank negotiated a seven percent loan from the Government in the amount of \$6,762,646. Proceeds were utilized to purchase bonds issued by the Kenai Peninsula Borough on behalf of a service district for purposes of hospital construction.

POST FISCAL YEAR ACTIVITY

Subsequent to the close of Fiscal Year 1980, the Bank borrowed an additional \$1,700,000 from the Government.

Proceeds were utilized to purchase bonds issued by the City of Seward for purposes of electrical transmission and distribution upgrading. A seven percent interest rate was obtained.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Financial Statements

June 30, 1980

(With Accountants' Report Thereon)



Peat, Marwick, Mitchell & Co.

ALASKA MUNICIPAL BOND BANK AUTHORITY

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Peat, Marwick, Mitchell & Co.

Certified Public Accountants

Alaska Mutual Bank Building
601 West 5th Avenue, Suite 700
Anchorage, Alaska 99501

Board of Directors
Alaska Municipal Bond Bank Authority:

We have examined the balance sheets of the various funds as listed in the accompanying table of contents of the Alaska Municipal Bond Bank Authority as of June 30, 1980, and the related statements of revenues, expenditures and transfer, and changes in fund balance (deficit) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Alaska Municipal Bond Bank Authority at June 30, 1980 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

October 20, 1980

ALASKA MUNICIPAL BOND BANK AUTHORITY

Operating Fund

Balance Sheet

June 30, 1980

Assets

Cash	\$ 45,231
Due from Statutory Reserve Funds:	
Custodian Fund	149,936
1976 General Bond Resolution Fund	150,492
1980 General Bond Resolution Fund	17,045
Investments	<u>100,000</u>
	\$ <u>462,704</u>

Liabilities

Accounts payable	2,055
Payable to State of Alaska (note 2)	<u>460,649</u>
	\$ <u>462,704</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Operating Fund

Statement of Budgeted and Actual
Revenues, Transfers and Expenditures

Year ended June 30, 1980

	<u>Budget</u>	<u>Actual</u>	<u>Actual over (under) budget</u>
Revenues and transfers:			
Interest income	\$ -	1,107	1,107
Transferred from Statutory Reserve Funds:			
1976 General Bond Resolution Fund)	305,868)
1980 General Bond Resolution Fund	252,600)	17,045	450,897)
Custodian Fund)	380,584)
Total revenues and transfer	<u>252,600</u>	<u>704,604</u>	<u>452,004</u>
Expenses:			
Personal services	66,900	64,246	(2,654)
Travel	6,000	5,544	(456)
Contractual services	2,400	2,353	(47)
Office	4,600	4,333	(267)
Board travel and per diem	4,500	3,351	(1,149)
Office rent	7,080	7,080	-
Printing/advertising	15,620	13,429	(2,191)
Copier rental	-	1,568	1,568
Accounting and audit fees	9,500	9,200	(300)
Financial advisor	59,200	54,758	(4,442)
Bond counsel	48,000	49,367	1,367
Bond rating, trust and delivery	28,800	28,726	(74)
Total expenses	<u>252,600</u>	<u>243,955</u>	<u>(8,645)</u>
Excess of revenues and transfers over expenses	\$ -	<u>460,649</u>	<u>460,649</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Operating Fund

Statement of Changes in Fund Balance

Year ended June 30, 1980

Fund balance, July 1, 1979	\$ -
Excess of revenues and transfer over expenses	<u>460,649</u>
	460,649
Payable to State of Alaska (note 2)	<u>(460,649)</u>
Fund balance, June 30, 1980	\$ <u>-</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Debt Service Funds

Balance Sheets

June 30, 1980

<u>Assets</u>	1976 General Bond Resolution Fund	1980 General Bond Resolution Fund	Ketchikan Airport Reserve Bond Fund	Coastal Energy Reserve Bond Fund	Coastal Energy Reserve Loan Fund
Cash	\$ 49,116	22,262	-	100,889	-
Cash with fiscal agent	570,595	-	-	-	-
Bonds receivable (notes 3, 4 and 5)	34,600,000	9,600,000	410,000	3,755,000	1,624,000
Accrued interest receivable	638,785	192,000	5,467	-	11,835
Due from other funds	-	33,627	1,025	-	-
	<u>\$ 35,858,496</u>	<u>9,847,889</u>	<u>416,492</u>	<u>3,855,889</u>	<u>1,635,835</u>
 <u>Liabilities and Fund Deficit</u>					
Liabilities:					
Due to Statutory Reserve Fund	98,294	-	-	-	-
Matured interest coupons payable	570,595	-	-	-	-
Accrued interest payable	687,900	247,889	6,492	100,889	11,835
Bonds payable (notes 3, 4 and 5)	34,715,000	9,600,000	410,000	3,755,000	1,624,000
Total Liabilities	<u>36,071,789</u>	<u>9,847,889</u>	<u>416,492</u>	<u>3,855,889</u>	<u>1,635,835</u>
Fund deficit (note 5)	<u>(213,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,858,496</u>	<u>9,847,889</u>	<u>416,492</u>	<u>3,855,889</u>	<u>1,635,835</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Debt Service Funds

Statements of Revenue, Expenditures and Changes in Fund Deficit

Year ended June 30, 1980

	1976 General Bond Resolution Fund	1980 General Bond Resolution Fund	Ketchikan Airport Reserve Bond Fund	Coastal Energy Reserve Bond Fund	Coastal Energy Reserve Loan Fund
Revenue:					
Interest	\$ 2,270,439	130,133	2,915	201,778	11,835
Contribution from Statutory Reserve Funds - special interest subsidy account	<u> -</u>	<u> 33,627</u>	<u> 547</u>	<u> -</u>	<u> -</u>
	2,270,439	163,760	3,462	201,778	11,835
Expenditures - Interest	<u>2,263,607</u>	<u>163,760</u>	<u>3,462</u>	<u>201,778</u>	<u>11,835</u>
Excess of revenue over expenditures	6,832	-	-	-	-
Fund deficit, June 30, 1979	<u> 220,125</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Fund deficit, June 30, 1980 (note 5)	\$ <u> 213,293</u>	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Statutory Reserve Funds

Statements of Revenues, Expenditures and Transfer

Year ended June 30, 1980

	<u>Custodian Fund</u>	<u>1976 General Bond Resolution Fund</u>	<u>1980 General Bond Resolution Fund</u>	<u>Ketchikan Airport Revenue Bond Fund</u>	<u>Coastal Energy Reserve Bond Fund</u>
Revenues:					
State appropriations	\$ 6,000,000	-	-	-	-
Interest income	380,584	432,653	44,100	-	192,330
Contribution from special interest subsidy account	-	-	4,677	-	-
Total revenue	<u>6,380,584</u>	<u>432,653</u>	<u>48,777</u>	<u>-</u>	<u>192,330</u>
Expenditures and transfer:					
Interest expense	-	98,090	13,200	-	192,330
Transferred to Operating Fund	380,584	305,868	17,045	-	-
Contribution to Debt Service Fund	-	-	33,627	547	-
Contribution to ordinary reserve account, from special interest subsidy account	-	-	4,677	-	-
Total expenditures and transfers	<u>380,584</u>	<u>403,958</u>	<u>68,549</u>	<u>547</u>	<u>192,330</u>
Excess (deficiency) of revenues over expenditures and transfer	\$ <u>6,000,000</u>	<u>28,695</u>	<u>(19,772)</u>	<u>(547)</u>	<u>-</u>

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Statutory Reserve Funds

Combining Balance Sheets

June 30, 1980

<u>Assets</u>	<u>Custodian Fund</u>	<u>1976 General Bond Resolution Fund</u>	<u>1980 General Bond Resolution Fund</u>	<u>Ketchikan Airport Revenue Bond Fund</u>	<u>Coastal Energy Revenue Bond Fund</u>	<u>Total</u>
Custodian account:						
Cash	\$ 836	-	-	-	-	836
Investments, at cost, which approximates market	4,570,550	-	-	-	-	4,570,550
Due from 1976 General Bond Resolution Fund, ordinary reserve account	98,294	-	-	-	-	98,294
Due from 1976 General Bond Resolution Fund, excess revenues	36,484	-	-	-	-	36,484
Due from 1976 General Bond Resolution Fund, special reserve account	56,922	-	-	-	-	56,922
	<u>4,763,086</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,763,086</u>
Ordinary reserve account:						
Cash	-	129,198	113	-	719	130,030
Investments, at cost, which approximates market	-	1,728,635	465,541	-	1,744,900	5,939,076
Accrued Interest receivable	-	35,566	22,869	-	100,822	159,257
Due from Debt Service Fund	-	98,293	-	-	-	98,293
Due from special Interest subsidy account	-	-	4,677	-	-	4,677
Prepaid Interest	-	-	-	-	9,382	9,382
	<u>-</u>	<u>1,991,692</u>	<u>493,200</u>	<u>-</u>	<u>1,855,823</u>	<u>6,340,715</u>
Special reserve account:						
Cash	-	76,529	225	1,054	-	77,808
Investments, at cost, which approximates market	-	3,525,311	931,081	8,900	-	4,465,312
Accrued Interest receivable	-	65,554	45,219	296	-	111,589
	<u>-</u>	<u>3,667,414</u>	<u>977,045</u>	<u>10,250</u>	<u>-</u>	<u>4,654,709</u>
Special Interest subsidy account:						
Cash	-	-	1,800	1,836	-	5,636
Investments, at cost, which approximates market	-	-	1,451,600	46,000	-	1,497,600
Accrued Interest receivable	-	-	18,532	-	-	18,532
	<u>-</u>	<u>-</u>	<u>1,473,932</u>	<u>47,836</u>	<u>-</u>	<u>1,521,768</u>
	<u>\$ 4,763,086</u>	<u>5,659,106</u>	<u>2,944,177</u>	<u>58,086</u>	<u>1,855,823</u>	<u>12,280,278</u>

(Cont Inued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Statutory Reserve Funds

Combining Balance Sheets, Continued

<u>Liabilities and Fund Balance</u>	1976 Custodian Fund	1976 General Bond Resolution Fund	1987 Com. B Fund Resolution Fund	Hatchman Airport Revenue Bond Fund	Unocal Energy Revenue Bond Fund	Total
Liabilities:						
Custodian account - due to Operating Fund	\$ 149,936	-	-	-	-	149,936
Ordinary reserve accounts:						
Accrued interest payable	-	36,395	13,200	-	148,873	198,468
Due to Custodian Fund	-	98,296	-	-	-	98,296
Bonds and notes payable (note 6)	-	1,870,000	680,000	-	1,755,000	4,305,000
Deferred credit - premium on bonds	-	2,519	-	-	-	2,519
Due to Custodian Fund - excess revenues	-	16,484	-	-	-	16,484
	-	1,971,694	693,200	-	1,853,873	3,518,767
Special reserve accounts:						
Due to Operating Fund	-	158,677	17,055	-	-	175,732
Due to Custodian Fund	-	36,977	-	-	-	36,977
	-	195,654	17,055	-	-	212,709
Special interest subsidy accounts:						
Due to ordinary reserve account	-	-	6,077	-	-	6,077
Due to Debt Service Fund	-	-	33,977	1,075	-	35,052
	-	-	40,054	1,075	-	41,129
Total Liabilities	149,936	2,167,346	740,209	1,075	1,853,873	4,712,926
Fund balances:						
Custodian accounts:						
Appropriated funds	4,144,937	-	-	-	-	4,144,937
Transfer of income from ordinary reserve account	66,618	-	-	-	-	66,618
Special reserve account	-	1,640,000	940,000	10,210	-	3,590,210
Special interest subsidy account	-	-	1,535,670	66,011	-	1,601,681
	4,211,555	1,640,000	2,475,670	76,221	-	6,303,446
Total Fund Balances	\$ 4,211,555	1,640,000	2,475,670	76,221	1,853,873	9,257,319

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Statutory Reserve Funds

Statement of Changes in Fund Balance

Year ended June 30, 1980

	Creditor Fund		1976 General Bond Resolution Fund		1980 General Bond Resolution Fund		Sitikilaa Airport Revenue Bond Fund		Total
	Appropriated	Transfer	Special reserve account	Ordinary reserve account	Special reserve account	Special Interest Subsidy account	Special reserve account	Special Interest Subsidy account	
Fund balance, July 1, 1979	\$ 3,247,000	17,461	3,253,000	-	-	-	-	-	4,517,461
Excess of revenues over expenditures and transfers	6,000,000	-	-	78,695	-	(119,772)	-	(567)	6,000,316
Transfers during the year	(2,685,000)	78,697	797,000	(78,695)	960,000	1,555,400	10,750	47,358	-
Fund balance, June 30, 1980	\$ 6,562,000	96,158	4,050,000	-	960,000	1,535,628	10,750	56,811	10,575,832

See accompanying notes to financial statements.

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

June 30, 1980

(1) Historical

The Alaska Municipal Bond Bank Authority was created pursuant to the Alaska Statutes, Chapter 58, Title 44, as amended, (ACT) as a public corporation and instrumentality of the State of Alaska, but with a legal existence independent of and separate from the State. The Authority was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of the issuance of bonds by the Authority and the use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds. The Authority commenced operations in August 1975.

The bonds are obligations of the Authority, payable only from revenues or funds of the Authority, and the State of Alaska is not obligated to pay the principal or interest thereon, and neither the faith and credit, nor the taxing power of the State, is pledged to the bonds. The municipal bonds and the municipal bond payments, the investments thereof and the proceeds of such investments, if any, and all funds and accounts established by the bond resolution to be held by the trustee (with the exception of the Coastal Energy Loan Fund which is administered by the Authority) are pledged and assigned for the payment of the bonds.

(2) Significant Accounting Policies

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant of such policies.

Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. The purposes of the various funds are described in the following paragraphs:

Operating Fund - the Operating Fund is the fund established to account for the ordinary operations of the Authority. Monies are derived from the following sources: (1) amounts appropriated by the Legislature; (2) amounts in the Statutory Reserve Funds in excess of (a) the required debt service reserve; (b) appropriations by the Legislature residing in the custodian account, and (c) income on nonlegislature-appropriated funds; (3) fees and charges collected; (4) any other monies made available for

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

purposes of the Operating Fund from any other source. Amounts in the Operating Fund may be used to pay: (1) administrative expenses of the Authority; (2) fees and expenses of the trustee and paying agents; (3) financing costs incurred with respect to the issuance of bonds; (4) any expenses in carrying out any other purpose then authorized by the Act. Excess revenues of the Operating Fund are returned to the State of Alaska.

Debt Service Funds - the Debt Service Funds are established to account for the portion of bond sale proceeds used to purchase obligations of the municipalities and for the payment of interest and principal on all bonds of the Authority. The Fund is comprised of an "Interest Account" and a "Principal Account," both of which are maintained by a trustee. The receipts of interest and principal from the municipalities and the Statutory Reserve Fund are deposited in these accounts and are used to pay the interest and principal on the Authority's bonds.

Statutory Reserve Funds - the Statutory Reserve Funds are established to account for: (1) a debt service reserve which is to be used in the case of a deficiency in the Debt Service Fund and (2) the monies available to fund debt service reserves required by future bond sales. The Fund is comprised of the reserve fund and the custodian account. The amount on deposit in the reserve fund is to be the greater of the maximum annual debt service requirement or 15% of all municipal loan obligations outstanding.

The reserve fund is comprised of the ordinary reserve account, the special reserve account and the special interest reserve account, all of which are maintained by a trustee.

The ordinary reserve account is created as a result of the Authority increasing each bond issue by the amount necessary to fund one-third of the required debt service reserve.

The special reserve account is created at an amount equal to two-thirds of the required debt service reserve from monies made available by the State of Alaska.

The special interest subsidy account is created as a result of the Authority issuing bonds at an interest rate in excess of the interest rate received from the investment bonds purchased. Funds are transferred from the custodian account and invested in an amount to meet cash flow requirements of the bond issue.

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

The custodian account is established to account for the appropriations by the State of Alaska Legislature available to fund the special reserve and special interest subsidy accounts.

Amounts in the Statutory Reserve Funds in excess of: (1) the required debt service reserve, (2) appropriations by the Legislature residing in the custodian account and (3) income on nonlegislature-appropriated funds are transferred to the Operating Fund. Income on nonlegislature-appropriated funds, representing the excess of revenues over expenditures of the ordinary reserve account, is transferred to the custodian account and is available to fund the special reserve account.

Basis of Accounting

The accrual basis of accounting, under which expenditures are recorded when liabilities are incurred and revenues are recorded when measurable and available to finance the Authority's operations, is followed for the various funds.

Investments

Investments are valued at the lower of cost or quoted market value. Premium or discount on investments is amortized over the life of the investment.

Premium or Discount on Bonds Sold

Premium or discount on the Authority's portion of bonds sold is amortized over the life of the bonds. Remaining premium or discount on bonds sold is passed through to the governmental unit for whom the bonds were sold.

Retirement Plan

The executive director is the sole employee of the Authority and participates in the State of Alaska Public Employees' Retirement System (PERS). The Authority's policy is to fund pension cost accrued.

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

(3) Bonds Receivable

Bonds receivable mature in varying annual installments as follows:

	1976 General Bond Resolution Fund	1980 General Bond Resolution Fund	Ketchikan Airport Revenue Bond Fund	Coastal Energy Reserve Bond Fund	Coastal Energy Reserve Loan Fund	Total
Year ending June 30:						
1981	\$ 1,080,000	-	-	-	-	1,080,000
1982	1,315,000	250,000	-	-	252,645	1,817,645
1983	1,350,000	265,000	-	-	270,000	1,885,000
1984	1,510,000	285,000	-	-	290,000	2,085,000
1985	1,595,000	310,000	-	-	315,000	2,220,000
1986-1990	9,010,000	1,920,000	90,000	-	1,985,000	13,005,000
1991-1995	11,130,000	2,720,000	125,000	3,755,000	2,920,000	20,650,000
1996-2000	7,610,000	3,850,000	195,000	-	730,000	12,385,000
Less undisbursed at June 30, 1980	-	-	-	-	(5,138,645)	(5,138,645)
	\$ <u>34,600,000</u>	<u>9,600,000</u>	<u>410,000</u>	<u>3,755,000</u>	<u>1,624,000</u>	<u>49,989,000</u>

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

(4) Bonds and Note Payable

Bonds and note payable are as follows:

<u>Issue</u>	<u>Debt Service Funds</u>		<u>Statutory Reserve Funds</u>	
	<u>Interest rate</u>	<u>Principal outstanding</u>	<u>Interest rate</u>	<u>Principal outstanding</u>
1976 General Bond Resolution Fund:				
1976 Series B - Matanuska-Susitna Borough	6-8%	\$ 6,600,000	6.75%	\$ 345,000
1976 Series C - City of Homer	5-8	315,000	6	20,000
1977 Series A:				
City of Nome	4.85-7	265,000		
City of Soldotna	4.85-7	240,000	5.5	30,000
1977 Series B:				
City of Ketchikan	5.2 -6.5	350,000	6.1	215,000
City and Borough of Juneau	5.2 -6.5	3,935,000	-	-
1977 Series C:				
City of Bethel	5-8	700,000	5.9	40,000
City of Kodiak				
City of Seward	5.55-6.3	2,750,000	6.3	150,000
1978 Series A - City of Ketchikan	5.5 -7.5	5,100,000	5.5	265,000
1978 Series B - City and Borough of Sitka	5.5 -7.5	3,280,000	6	170,000
1978 Series C - City and Borough of Juneau	5.5 -7.5	1,950,000	6	100,000
1979 Series A - City of Wrangell	5.9 -7.5	1,500,000	6.6	75,000
1979 Series B:				
City of Fairbanks	6-8	1,600,000		
Matanuska-Susitna Borough	6-8	2,010,000		
City of Soldotna	6-8	1,470,000	6	255,000
1979 Series C:				
City of Palmer	6.2 -8	1,950,000		
City and Borough of Sitka	6.2 -8	700,000	6.9	115,000
		<u>34,715,000</u>		<u>1,870,000</u>
1980 General Bond Resolution Fund:				
Bristol Bay Borough	9.95-11	4,000,000		
City and Borough of Sitka	9.95-11	5,600,000	10.1	480,000
		<u>9,600,000</u>		<u>480,000</u>
Ketchikan Airport Revenue Bond Fund:				
Ketchikan Gateway Borough	9.5	410,000	-	-
Coastal Energy Reserve Bond Fund:				
Coastal Energy Reserve	5.25-5.9	1,755,000	-	1,755,000
Coastal Energy Reserve Loan Fund:				
Kenai Peninsula Borough central hospital district	7	6,762,646	-	-
Less undistributed at June 30, 1980	7	5,138,646	-	-
		<u>1,624,000</u>		
Total		\$ 50,104,000		\$ 6,055,000

(Continued)

ALASKA MUNICIPAL BOND BANK AUTHORITY

Notes to Financial Statements

The bonds are secured by bonds receivable and by amounts in the Reserve Fund. The Act further provides that if a municipality defaults on its principal and/or interest payments, upon written notice by the Authority, the State of Alaska must pay to the Authority all funds due the defaulting municipality from the State in an amount sufficient to clear the default.

The above bonds mature in varying annual installments as follows:

Year ending June 30:	1976 General Bond Resolution Fund		1980 General Bond Resolution Fund		Ketchikan Airport Revenue Bond Fund	Coastal Energy Reserve Bond Fund	Coastal Energy Reserve Loan Fund	Total
	Debt service	Reserve	Debt service	Reserve				
1981	\$ 1,060,000	-	-	-	-	-	-	1,060,000
1982	1,335,000	-	250,000	-	-	-	252,645	1,837,645
1983	1,370,000	-	265,000	-	-	-	270,000	1,905,000
1984	1,525,000	-	285,000	-	-	-	290,000	2,100,000
1985	1,610,000	-	310,000	-	-	-	315,000	2,235,000
1986-1990	9,065,000	50,000	1,920,000	-	90,000	-	1,985,000	11,110,000
1991-1995	11,185,000	40,000	2,720,000	-	125,000	3,755,000	2,920,000	20,745,000
1996-2000	7,565,000	1,710,000	3,850,000	480,000	195,000	-	730,000	14,550,000
Less undeburred	-	-	-	-	-	-	(5,138,645)	(5,138,645)
Total	\$ 34,715,000	1,820,000	9,600,000	480,000	410,000	3,755,000	1,624,000	52,404,000

(5) Loan on Refunding

In November 1977, the Authority entered into an advance refunding transaction, whereby Authority 1977 Series C Bonds in the principal amount of \$2,900,000 were issued to facilitate the retirement of the Authority's \$3,065,000 1976 Series A Bonds. The proceeds of the refunding bonds, along with \$380,594 borrowed from the Statutory Reserve Fund, were placed in an irrevocable escrow account and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of all interest, principal, and call premium on the 1976 Series A Bonds. In accordance with the irrevocable escrow arrangement, the 1976 Series A Bonds will be called for payment in 1986, by the trustee at a call premium of \$12,118. The 1976 Series A Bonds are not included in the Authority's outstanding debt, since the Authority legally satisfied its obligation with respect thereto through consummation of the advance refunding transaction described herein.

The loan from the Statutory Reserve Fund plus interest at 6-1/4% will be recovered from the Cities of Eielson and Seward bonds receivable through 1981. The loan on refunding and the bond issue costs are being recovered over the life of the refunding issue.

(6) Event Subsequent to June 30 1980

Subsequent to June 30, 1980, the Authority received from the State of Alaska a \$3,000,000 appropriation which was deposited in the Custodian Fund.

On August 4, 1980, the Authority closed a transaction whereby \$1,700,000 was borrowed from the United States Department of Commerce under the Coastal Energy Impact Program. These funds were utilized to purchase a bond from the City of Seward.

On August 21, 1980, the Authority closed its 1980 Series A Bond in the amount of \$16,170,000. The funds were utilized to purchase bonds of five Alaskan communities in the cumulative amount of \$15,400,000. The remaining \$770,000 was deposited in the ordinary reserve account. An additional \$1,540,000 was transferred from the Custodian Fund to the special reserve account.

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POSITION PAPER

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS
SB 147

March 2, 1982

The Department does not support passage of this bill. We are concerned about the many bills that would expand property tax exemptions. We are also concerned at the lack of an overall State direction in the area of property tax exemptions. Continuing without some type of overall plan will lead to a local tax structure that lacks cohesiveness and will be both hard to understand and difficult to administer.

Another consideration is the cost of municipal administration. Existing exemption programs will require processing about 6,000 applications in FY 83; this program will add an estimated 2,100. It is evident that there will be additional cost burdens placed on municipalities. Those additional costs would have to come from the local general fund, adding burden to the nonexempt portion of the tax base.

The fiscal note has taken into consideration the tax reductions caused by Chapter 6 SLA 1981. However, it doesn't take into consideration any of the other measures before the Legislature that would reduce local taxes.

t1e/TLE - 06690

100 PERSONAL SERVICES

Increase current clerk typist II part time position to full time will adequately provide for handling additional applicants which increases current program activity by about 50%.

Clerk Typist II part time, Range 07	
Salary 1,319/month (659.5 part time)	\$ 7,914
Benefits	1,216
FICA (per current position)	
Health Insurance	<u>924</u>

\$ 10.1

Travel to the major population centers will be required for the first 2 years of operation to assure that eligible applicants are aware of the new benefits and to prepare appropriate agencies to assist applicants.

200 TRAVEL

Expenses	950
Per Diem	<u>525</u>

\$ 1.5

300 CONTRACTUAL

Postage	\$.3
Printing & advertising - first year	1.8
Printing & advertising - annual	.4
Copier	<u>.2</u>

First year total	\$ 2.3
Annual total	.9

400 COMMODITIES

\$.3

100-400 based on FY 82 estimates, 10% annual increase was used to project subsequent years.

500 EQUIPMENT

5-drawer file cabinet	\$.3
-----------------------	-------

Total first year administration	\$14.5
Annual Administration	\$13.1

700 GRANTS

FY 82 DATA

% of DISABILITY	VETERANS	76.85%*	8% **	AVG PMT.	TOTAL
0	72	55	--	--	--
10	1190	916	752	60	45,120
20	607	467	383	120	45,960
30	445	342	280	179	50,120
40	253	194	159	238	37,842
50	147	113	93	298	27,714
60	164	126	103	358	36,874
70	73	56	46	417	19,182
80	40	31	25	477	11,925
90	11	8	7	536	3,752
100	<u>80</u>	<u>61</u>	<u>50</u>	<u>596</u>	<u>29,800</u>
	3,082	2,369	1,898	162	308,289

* Alaska 1980 population, a preliminary overview, released January 1, 1981 by the Alaska Department of Labor indicates that 3.15% of the civilian population is age 65 or over and can be presumed to be currently participating in the senior citizen exemption.

The operation of the senior citizen property tax exemption program indicates that about 30% of the total seniors do not participate generally because they are in institutions or other housing not subject to property tax. Assuming seniors are more likely to be residing in institutions and subsidized housing, it appears reasonable to reduce this figure to 20% when applied to veterans.

$$100.00\% - \begin{array}{r} 3.15\% \\ 20.00\% \\ \hline 23.15\% \end{array} = 76.85\%$$

** Analysis of the applicants for senior citizen homeowner exemption and renter payment shows that 82% of the total applicants own their home and 18% are renters.

Assume less than half the increase in number of applicants annually for this population segment when compared with the senior population, or about 5% increase per year.

Assume similar annual increase in average payment per applicant to senior programs, or 10% increase per year.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 147

Title Providing for exemption of the residence of disabled veteran from property tax...
Requested by Community & Regional Affairs Date March 2, 1982

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
Program Category Affected Social - Economic Assistance to the Aged
BRU, Program. Or Subprogram(s) Affected Senior Citizen Tax Relief
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		10.1	11.1	12.2	13.4	
200 TRAVEL		1.5	1.7	0	0	
300 CONTRACTUAL		2.3	3.9	1.2	1.3	
400 COMMODITIES		.3	.3	.4	.4	
500 EQUIPMENT		.3	0	0	0	
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		308.3	354.5	407.7	468.9	
TOTAL			322.8	368.5	421.5	484.0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		322.8	368.5	421.5	484.0	
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME						
PART TIME		1			1	
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

See Attached

IV. DATE March 2, 1982

PREPARED BY Terry Earley
AGENCY Community & Regional Affairs
PHONE 465-4730

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named,
33-001 (Rev. 12/81)

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**Municipality
of
Anchorage**



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 264-4461

OFFICE OF THE OMBUDSMAN

OFFICE OF THE OMBUDSMAN
REPORT SUMMARY

Case No. 80-462
Case No. 80-559

*How
to solve this
problem
for 168*

The Office of the Ombudsman has investigated complaints filed by Thomas Staudenmaier and Ross Nolen concerning initiative and referendum petition certification procedures. A copy of the complete investigative report is attached. Although Mr. Staudenmaier has taken legal action against the Municipality, his lawsuit has been inactive for several months. His complaint and that of Mr. Nolen raise substantial questions beyond the particular circumstances of their individual complaints, which warrant investigation by this office.

After a review of the facts, the law and comparable State procedures, the Office of the Ombudsman concludes that:

- The Clerk's Office misapplied a provision of State voter registration law to the Municipal initiative and referendum certification process, thereby improperly disqualifying petition signatures.
- The Clerk's Office did not use the most current information available from State election officials.
- Signatures were coded by the Clerk's staff in an overly restrictive manner.
- Although the Law Department acted reasonably in refusing to provide an advance determination of the sufficiency of Mr. Nolen's proposed referendum question, an advance determination would have prevented unnecessary work in the Clerk's Office, and would have been more fair to Mr. Nolen.

The Office of the Ombudsman recommends that:

- The Clerk's Office cease the practice of certifying only those signatures of persons registered 30 days in advance.
- AMC 2.50.050 and Section 3.02 (b) of the Home Rule Charter should be amended to allow 60 days rather than 10 days to certify a petition.

Report Summary

Case No. 80-462 .

Case No. 80-559

- Municipal certification procedures should be changed through revisions to AMC 2.50.030.

- Municipal initiative and referendum ordinances should be amended to include a two-step procedure which first requires the Clerk to determine whether the question presented is a proper subject for an initiative or referendum.



KARLA L. FORSYTHE

February 23, 1981

**Municipality
of
Anchorage**



PC H 6-650
ANCHORAGE, ALASKA 99502
(907) 264-4461

OFFICE OF THE OMBUDSMAN

INVESTIGATIVE REPORT

CASE NO. 80-462
CASE NO. 80-559

Recent efforts by citizens to place action taken by the Municipal government before the voters through an initiative or referendum have failed. In one case, half of the signatures on the initiative petition were not certified. From the other petition about 37 percent of the signatures were not certified.

The high proportion of uncertified signatures has prompted complaints to this office about the process for certification of initiative and referendum petitions. Investigation by this office into the certification process reveals several procedural problems, including an overly restrictive standard used by the Clerk's Office to determine whether a signature should be certified, and misapplication of an Alaska Statute designed to promote an orderly registration process in State elections.

The Clerk's Office subsequently has revised certain of its procedures. This report will discuss the basis for the complaints, and will point to remaining areas in need of change.

PETITION OF THOMAS STAUDENMAIER

On or about June 20, 1980, Thomas Staudenmaier began to circulate a petition in support of a proposed initiative measure to locate Project 80's civic improvements in Centennial Park rather than downtown Anchorage. On or about July 15, Mr. Staudenmaier submitted 3,668 signatures. On July 25, Municipal Clerk Ruby Smith certified 1,464 of the signatures and allowed Mr. Staudenmaier ten additional days to submit signatures

INVESTIGATIVE REPORT

CASE NO. 80-462

CASE NO. 80-559

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sufficient to meet the 3,221 required to certify the petition.¹ On August 4, he submitted 1,630 more signatures of which 1,042 were certified. In total, 5,298 signatures were submitted and 2,501 were certified, which is 720 signatures short of the 3,221 required. Fewer than half of the signatures submitted were certified.

Mr. Staudenmaier's petition contained spaces for written and printed signatures, dates of the signatures, and resident and mailing addresses of the signers, in accordance with AMC 2.50.030, "Contents of petition." Pursuant to AMC 2.50.040, "Required signatures", only those signatures may be counted which are

- a) made legibly
- b) of qualified voters, as defined in AMC 2.50.010

(which defines qualified voter as a person who, at the moment he signs a petition for initiative or referendum, is legally entitled to vote and who, by virtue of a current, valid residence address, is registered to vote in state and Anchorage municipal elections). No signature may be counted unless it is dated, legible and accompanied by the residence address of the qualified voter.

On or about July 15, when Mr. Staudenmaier submitted his first group of signatures, Evey Hansen from the Clerk's Office called the State Election Office in Anchorage to inquire about obtaining current voter registration information. Registration information was needed so the Clerk's Office could verify whether petition signers were registered to vote. She recalls she was told that she could request this information from the State Election Office in Juneau. Ms. Hansen was told that the next available microfiche copy of the master voter registration list

¹The Clerk's Office initially advised Mr. Staudenmaier that if the petition lacked sufficient signatures, he would have ten days to supplement it. Although this provision applies to initiative and referendum petitions in general law municipalities (AS 29.28.073(b)), it does not apply to home rule municipalities. Anchorage is a home rule municipality, and has adopted its own laws governing the initiative and referendum process which do not provide for an additional ten day period to supplement signatures. However, since Mr. Staudenmaier was originally told that he had ten additional days, the Clerk's Office permitted him this supplemental period. Mr. Nolan was not given the incorrect information about an additional ten day period, so there was no basis for extending the time for submission of signatures on his petition.

INVESTIGATIVE REPORT

CASE NO. 80-462

CASE NO. 80-559

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would be ready on July 19. For at least one day after July 15, the Clerk's Office used an older list already on hand in the office to certify signatures. After receiving the July 19 list, the Clerk's Office used it to verify all names not found on the older list, as well as names not yet certified. The July 19 list was also used to verify submissions on August 4.

The Clerk used several codes to determine whether signatures should be counted:

R - . registered
NR - not registered
AS - already signed (duplicate signature)
IL - illegible signature
ND - not dated
OT - out of town
IP - improper signature
IS - insufficient signature
IA - improper or insufficient address
ID - improper date

A review by this office of 19 pages of the petition as coded by the Clerk's Office indicated that roughly 43 percent of the signatures had been disqualified as NR and that 7 percent had been disqualified as IA. Projecting from these figures, 2,278 of the 5,298 signatures were disqualified as NR (43 percent of 5,298) while 371 signatures were disqualified as IA (7 percent of 5,298).

Several members of the Clerk's staff were assigned to code the various parts of the petition. Ruby Smith, who had served as Municipal Clerk for no more than a few weeks, did not participate actively in the certification process. Verification consisted of checking petition signatures against a microfiche copy of the State master voter registration list, which is a time-consuming, tedious and tiring process. With only ten days to certify the petition, tempers were short, and comments from staff reflected the frustration and resentment common to repetitive, eye-straining work.

Staff were not given specific definitions of the codes, and it appears the coding may have been inconsistent. For example, assume the signature of Daniel J. Smith with the residence address of 2020 Anchorage Avenue. If the master list showed a D.J. Smith, the signature would have been disqualified. One member may have coded the signature as NR, since it is possible that a Don J. Smith, sibling of Daniel, also lived at that address, and that Don is registered but Daniel is not. The signature may have been coded IP because the signature was judged to be improper, or IS because it was seen as insufficient,

INVESTIGATIVE REPORT

CASE NO. 80-462

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depending upon the person who did the scoring. However, a signature was certified if the master list showed Daniel J. Smith at X residence address and the signature was Daniel John Smith at X residence.

If the petition and master list each showed a different mailing address, but an identical name and residence address, the signature was certified.

If the signer used a new name on the petition, but did not inform the election office of the change before signing the petition, signatures would have been disqualified, because the master list would have shown only the previous name. This signature would have been coded NR.

A signature would have been certified only if it was legible and properly dated, and if the signer's first and last name and residence address were listed identically on the petition and on the State voter registration list.

Mr. Staudenmaier is primarily concerned with the NR and IA disqualifications. The NRs may include signatures of people Mr. Staudenmaier claims are entitled to sign the petition because he registered them before they signed the petition. He thinks the IAs include signatures of persons for whom he submitted changes in registration information because they had changed precincts or election districts since the date of their original registration.

PETITION OF ROSS NOLEN

On or about November 8, 1980, Mr. Nolen began to circulate a petition for a referendum challenging the manner of spending funds appropriated for a Sports Center. Before circulating the petition, Mr. Nolen attempted to obtain an answer from the Municipality as to whether this matter properly could be the subject of a referendum. The Municipal Clerk pointed to Section 3.02 of the Charter which excludes appropriation of funds from the referendum process. The Law Department declined to provide an answer directly to Mr. Nolen, indicating that since the Anchorage Assembly had already voted in favor of a manner of expenditure challenged by the referendum petition, the Municipality would not provide a free legal opinion to him. The Office of the Ombudsman was asked to investigate and declined to do so after determining that the question involved was one of law, with no obvious answer.

However, the Clerk provided Mr. Nolen with a copy of an opinion from the Law Department which indicated that even if the petition contained sufficient signatures, the question was not a proper subject for a referendum.

The certification of Mr. Nolen's petition occurred after submission on November 20. Because the Law Department indicated to the Clerk that the petition question was not a proper subject for referendum, verification of signatures was not a first priority. On the evening of the ninth day, the Law Department advised that they would like to have the signatures checked, and the Clerk decided to check the names, which required staff to work overtime in order to meet the ten day period. However, since the submission occurred close to the Thanksgiving holiday, leaving only four working days to certify the petition, staff overtime would have been necessary in any event.

The certification process was similar to that used for the Staudenmaier petition, with several exceptions. The codes were revised: OT (out of town) was deleted and combined under IA (incorrect address). Also IP (improper address) was combined with IS (insufficient address). Persons not registered 30 days before signing, as shown by the date of registration on the State master registration list, were not certified. Code categories were defined, and discussed with staff in advance of certification. Ms. Smith recalls that signatures were certified whenever reasonably possible from information on the voter registration list.

Although Mr. Nolen's original complaint to this office is not discussed in this report, information about the certification process is included as a comparison with the certification process for Mr. Staudenmaier's petition.

COMPLAINT

Mr. Staudenmaier complains that the Clerk improperly failed to certify persons registered by him before signing the petition, because their names and/or current residence address did not appear on the July 19 microfiche copy of master voter registration information requested from State Election officials.

Mr. Staudenmaier is a registrar, and as such is authorized to register eligible persons to vote, and to assist in changing names, mailing and residence addresses of persons already registered to vote.

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The microfiche information dated July 19, computer-generated from the State Election Office in Juneau and used by the Clerk's Office to certify signatures, contains each voter's name, registration date, mailing and residence address, birthdate, social security number, precinct and election district. The local election office in Anchorage enters information from registration cards into a local computer on a weekly basis. Every three weeks, all information submitted during that period is forwarded to Juneau, where an additional week or so is required to compile master voter registration information.² Therefore, the July 19 list used by the Clerk contained only names of voters for whom registration cards were received by July 14, and only those address changes submitted prior to July 14. Any newly registered voters or address changes after that date were absent from the microfiche list, so any registration cards submitted by Mr. Staudenmaier after July 14 were not reflected although the information was available locally.

The ledger card from the local election office shows that Mr. Staudenmaier turned in 1,373 registration cards between June 23 and July 14; these names and addresses should have appeared on the July 19 list. Between July 15 and August 4, Mr. Staudenmaier submitted 422 cards. This information would not have appeared on the microfiche copy of the master voter registration information.

Newly Registered Voters

The Clerk's Office takes the position that use of the July 19 information was proper, despite the fact that some voters registered by Mr. Staudenmaier were not included. The Clerk points to Municipal and State law: only qualified voters can sign the petition (AMC 2.50.040A). A qualified voter is a person who, at the moment of signing a petition, is legally entitled to vote and who, by virtue of a current, valid residence address, is registered to vote in State and Anchorage Municipal elections (AMC 2.50.010D). No registra-

²During non-election years, the information is forwarded every four weeks, because of the decreased volume of registration information submitted to local offices.

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tion to vote may be made within 30 days preceding an election (AS 15.07.070(d)).³ According to the Clerk, persons newly registered fewer than 30 days before signing the petition would properly be excluded. The Clerk contends that they would not be legally entitled to vote, because if an election were held on the day they signed the petition, they could not vote in that election since they registered fewer than 30 days in advance.

The procedure used by the Clerk's Office in certifying Mr. Staudenmaier's petition did not strictly comply with this interpretation, which was rendered by the Law Department after the certification process was completed, in defense of the Clerk's failure to certify the petition. The Clerk's Office did not check each name to determine whether that person had registered 30 days before signing. Instead, if a name which was determined to be that of the petition signer appeared on the July 19 list, the signature was certified as that of a registered voter. Therefore, not all of the persons certified would have registered 30 days in advance of signing. For example, a person who registered and signed on July 15 would not appear on the microfiche list, because information was current only through July 14. A person who registered and signed on June 25 would have been included and would have been certified although s/he had not registered 30 days in advance of signing the petition.

An unknown number of signatures certified by the Clerk were those of persons who registered within 30 days of signing the petition. The majority of these registrations probably occurred through the efforts of Mr. Staudenmaier, who says he registered many persons immediately before they signed the petition.

An examination of Municipal referendum law, Municipal and State election law, and the purposes behind AS 15.07.070(d) clearly shows that the Clerk's Office should have certified all registered persons, including those registered within 30 days of signing the petition. To ensure that the signatures of all registered voters were properly certified, the Clerk's Office should have used the most recent voter registration information available from the local election office, rather than relying solely on the master voter registration list from the Juneau office.

³AS 15.07.070 was amended effective January 1, 1981. Section (1) now states "Qualified voters may register in person before a registration official at any time throughout the year, except that no person registering within 30 days preceding an election may vote at that election. . .". This amendment clarifies the intent of the statute; although persons may register at any time before an election, they can vote only if they have registered 30 days in advance.

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Under Municipal Code provisions, a signature must meet certain requirements: it must be dated, legible, and accompanied by the signer's residence address (AMC 2.50.040D). A signer must also be a qualified voter.

To be a qualified voter under Municipal law, a person must, by virtue of a current, valid residence address, be registered to vote in State and Municipal elections. Municipal law does not establish registration requirements, but incorporates State election law, which includes registration requirements (AMC 28.10.020). According to "Alaska Registration Procedures", a document developed for use of registrars statewide by Penelope Burke, Southcentral Election Supervisor, a person may register if s/he is a U.S. citizen, 18 years of age or older, and claims Alaska residency.

The second requirement for a qualified voter under Municipal law is that s/he be at the moment of signing, legally entitled to vote. The phrase "legally entitled to vote" is not specifically defined in Municipal law. According to AMC 28.10.030, as enacted at the time of petition submission a resident may vote if s/he is a qualified State voter, is a U.S. citizen, and has been a Municipal and precinct resident for 30 days. Similar requirements are included in State registration requirements. One further requirement must be met before a resident can vote. S/he must not be disqualified under AS 15.05.030 or Article 5 of the State Constitution, which disqualify persons convicted of felonies involving moral turpitude and persons judicially determined to be of unsound mind. A person not meeting these requirements can be registered, but is not legally entitled to vote. Thus, as a matter of statutory construction, a person is legally entitled to vote at a given moment if s/he meets all voter qualifications and is not disqualified under State law.

AS 15.07.040 as enacted at the time of submission of the petitions states "A person who is qualified under AS 15.05.010 (1)-(4) is entitled to register at any time throughout the year, except that no registration will be made for a period of 30 days preceding the election". This is a procedural requirement which does not effect legal entitlement to vote. The procedure for registration, set forth at AS 15.07.070, makes clear that such a person is registered but cannot vote in the upcoming election. For mailed registration applications: ". . . An application to register which was not postmarked before the 30 day requirement shall not be considered to be invalid, but shall be considered

INVESTIGATIVE REPORT

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by the lieutenant governor as an application by the voter to be registered to vote in the next subsequent primary or general election and to remain on the master register thereafter. Qualified voters may register in person before a registration official at any time throughout the year, except that no registration may be made within 30 days preceding an election. Upon receipt and approval of the registration forms the lieutenant governor or the election supervisor shall forward to the voter an acknowledgement in the form of a registration card and his name shall immediately be placed on the master register located in the office of the lieutenant governor and on the district register located in the office of the election supervisor."

Ms. Burke explains that 30 days is the time period necessary to compile registrations from all over the State onto one master registration list and then circulate it to the polls so that it will be available on election day to cross-check whether voters are eligible to vote in that election. Without an election, the 30 day requirement does not come into effect.

But the 30 day period has absolutely no relevance to a Municipal referendum petition. State election procedures involve a check on registration for each voter immediately prior to voting. Since ballots are unidentified, this is the only means of preventing fraud and protecting the purity of the ballot box. Referendum procedures do not require a check by the Clerk at the moment each person signs a petition. The Clerk has ten days to certify the petition. Registration can be verified by checking both the State master voter registration list and registration information readily available in the local election office. Such a procedure may be inconvenient, but administrative convenience cannot outweigh the Charter and constitutionally-mandated right of the people to referendum.

The interpretation suggested by the Clerk in essence rewrites AMC 2.50.010 to say that a qualified voter is one who, at the moment of signing the petition, is legally entitled to vote as if that petition were an election. Under this interpretation, a signature would be invalid if the person registered 29 days before signing. However, that person would still be eligible to vote in the actual election on the referendum issue, because before election day, that person's name would be placed on the official registration list. The result is that persons may vote on the issue but not sign the petition, although they are registered at both occasions. There is no rational basis

for failing to certify these registered voters. The 30 day requirement helps State officials conduct elections in an orderly manner, and should not be used to deprive registered voters of their right to sign a referendum petition.

Since AS 15.07.070(d) does not affect legal entitlement to vote, all signatures of registered voters should have been certified, assuming the legibility of their signatures and propriety of the dates and residence addresses accompanying their signatures.

Changed Residence Address

Signers who listed a residence address different from that on their initial registration, and who did not notify the State election office of the change before July 14, would not have appeared on the list under their new residence address. They would not have been certified, either for failure to provide a sufficient residence address, or because they would be coded as not registered. Any such registration changes made by Mr. Staudenmaier would be on file in the State election office, but would not have appeared on the master voter registration list unless submitted prior to July 14.

Municipal law does not establish a procedure for address changes, but simply requires registration by virtue of a current, valid residence address.

State law provides:

"The address of a voter as it appears on his official voter registration card is presumptive evidence of the person's voting residence. If the person has changed his voting residence this presumption is negated only by the voter executing an affidavit on a form prepared by the lieutenant governor setting out his new voting residence." (AS 15.05.020(10)).

Also, "The lieutenant governor shall transfer the registration of a voter from one precinct to another within an election district when requested by the voter. The request shall be made 30 or more days before the election day. The lieutenant governor shall transfer the registration of a voter from one election district to another when requested by the voter. The voter must reside in his new election district for at least 30 days in order to vote." (AS 15.07.090(c)).

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It is clear that the majority of people who were assisted by Mr. Staudenmaier in changing registration information during the petition canvas and who also signed the petition were legally entitled to vote. Anchorage residents who are registered voters and who move their residence from one location to another within the Municipality do not lose their legal entitlement to vote simply because they do not effect an address change. In fact, it is common practice in both State and Municipal elections to allow address changes to be made at the election polls, although voters making address changes at the polls may have to cast a questioned ballot. If the voter has moved from one precinct to another within the same election district, the vote, assuming no other irregularities, will be counted fully for all issues concerning that precinct, election district, and municipal and statewide issues. If a voter moves from one election district to another, the voter must be a resident in that district for 30 days before voting, although not before registering. Registered voters who move from a jurisdiction outside the Municipality and who have not been residents of the Municipality for 30 days before a Municipal election would not be legally entitled to vote in that Municipal election, although they would be able to vote on statewide issues. Nor would voters whose registrations have been purged because of failure to vote during the previous four statewide elections.

When the Clerk's office certifies signatures, there is no method akin to the questioned ballot. Unless a changed residence address appears in information available from local election officials, the Clerk refuses to certify the signature.

According to State election office officials almost all of the registration cards which Mr. Staudenmaier submitted during the time of his petition canvas were for the purpose of address change. These voters were legally entitled to sign the complainant's petition at the moment they signed it. Moreover, information reflecting the address changes was available from State election officials in Anchorage. These voters were improperly denied legal entitlement simply because the certification process did not use the most recent information available from the State.

CONCLUSIONS - CASE 80-462

1. The Clerk's Office should not have used the provisions of AS 15.07.070(d) to determine whether a signer was qualified to sign the petition.

In the future, the signatures of all voters registered at the date of signing should be certified.

2. The Clerk's Office did not use the most current information available from State election officials.

The Clerk's Office used microfiche dated July 19 to certify signatures, although it only included information current through July 14. However, the State election office in Anchorage had current information which the Clerk's Office could have reviewed.

Mr. Staudenmaier submitted registration cards to State election officials between July 14 and July 25. With advance notice, the Clerk's Office could have reviewed registration cards submitted during that period in the local election office. To verify signatures after the August 4 submission, the Clerk's Office could have requested the next periodic microfiche listing from Juneau, which would have been available about August 9 and should have included registration information current through August 4. Certification could have been completed within the ten day period required by AMC 2.50.050.

3. Signatures were coded by the Clerk's staff in an overly restrictive manner.

Patty Ann Polly, State Election Supervisor, states that in recent initiative and referendum petitions submitted to the lieutenant governor, approximately ten percent of the signatures have been disqualified, compared with disqualification of one-third to one-half of signatures in recent Municipal initiative and referendum drives. There are several possible explanations for this wide disparity.

With regard to Mr. Staudenmaier's petition, despite information from State election officials in Anchorage, perhaps not all of the registrations made by Mr. Staudenmaier through July 14 were included on the July 19 master voter registration list. If the list only included information through July 7, 624 names which should have been certified would not appear on the master list and would not be certified. The only way to verify whether information through July 14 appeared would be to request a July 19 list from the State, since the Clerk has discarded her copy. Even if it is possible to obtain such a list, the task of verifying the July 19 information against registrations actually submitted by Mr. Staudenmaier is beyond the resources of this office, given staff size and volume of ongoing complaints.

Another possible explanation is that many persons who signed the petitions may never have registered. State election officials indicated that 11,000 persons are registered to vote in the Municipality (although names are not removed from the master voter registration list until after four years of

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failure to vote, so some persons on the list will have moved, while others will have died). The Research Section of the Planning Department indicates that there are approximately 138,900 persons of voting age in the Municipality. Therefore, it appears that the great majority of persons of voting age are registered, whether or not they actually vote.

The wide disparity between State and Municipal certification results can best be explained by the method used by the Clerk's Office to certify petitions, which is quite different from the method used by the State.

State law permits any qualified voter to subscribe to a petition by signing his name and address (AS 15.45.120 and 15.45.340). Local residence addresses are not required, because signers must only be residents of the State of Alaska. State petitions are first verified by computer, which certifies a signature if the name on the petition is identical to a name on the master voter registration list. If the required number of signatures are certified by this process, verification efforts cease. However, if the number of signatures is insufficient, uncertified signatures are verified manually.

According to Ms. Polly, a signature is certified if there is no reason to believe the signer is not a registered voter. As long as the petition signature is legible, and reasonably similar to a name on the master voter registration list, the signature will be certified. Even if the address listed on the petition differs from the address on the master list, the signature is certified. All possible benefit of the doubt is given to the signer, since the petition process precedes and is different from the actual vote on the question, at which time strict election controls will be observed. Signatures are not checked to determine if the signer registered 30 days in advance, since, as Ms. Polly states, the registration provisions apply only to election laws and not to the initiative or referendum process.

In contrast, the Municipal certification process requires virtual identity of information on the petition and the master voter registration list. Names are disqualified unless written as listed on the master list. Either mailing or residence address must be the same. In addition, signers must have registered 30 days in advance. This creates a far more restrictive standard than is used to certify State petitions.

A major reason for checking petitions is to prevent mass forgery of signatures of voters, since a petition is supposed to reflect the desire of a specified portion of the electorate to bring the issue before the voters. The best way to check

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petitions for fraud is to verify the petition signatures against actual voter registration forms which contain signatures of registered voters. This process would be extremely time-consuming and could disrupt operations of the local election office. However, the standard used by the Municipality is far too restrictive, and denies qualified voters the opportunity to exercise their right to a referendum. The fact that one-third to one-half of the signatures are disqualified by itself is an indication of problems with the method used by the Municipality for certification.

Categories used by the Clerk must relate to specific statutory requirements. To be counted, a signature must be legible, accompanied by a proper date, and by the residence address. The requirements of legibility and date can be verified from the face of the petition. A residence address is required to ensure that only Anchorage residents will be counted. Since the absolute accuracy of the residence address cannot be determined without contacting the signer, the Clerk's Office must operate under the assumption that the given address is the signer's current residence address.

A signature must also be that of a qualified voter. This determination requires the Clerk to check registration records to ensure that a signer is registered. There is no reason to require that all information must be identical to registration information, as long as it appears from the information that there is no reason to believe the signer is not a registered voter and that the signature is not authentic.

The category "insufficient/improper signature" is now defined as "a person who does not sign his name as it appears on the State voter's registration list." However, if the names are similar although not identical (D.L. Green and Donald Lewis Green), or if a common nickname is used (Bob Johnson and Robert Johnson), there is no reason to believe that the signer is not a registered voter.

The description for "improper/insufficient address" reads: "you are unable to determine, by checking both mailing and residence addresses, if the person is one and the same as appears on the registration list." This category does not clarify the meaning of residence address. For example, if a person listed an SRA or a PO box under residence address, some staff members would have certified the signature, as long as the same information was given for residence address on the State master list. However, another staff member indicated she would not have certified such a signature, because an SRA or PO box is not a location of a residence.

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Registration to vote requires that the voter provide an actual location address, according to Ms. Burke. The location can be given as legal description, or as mileage on a certain road (.8 mile, E. 98th). This information is required so that State officials can assign the voter to the proper election district and precinct.

But election district and precinct are irrelevant in an initiative or referendum petition. Residence address is needed only to verify that the signer lives in the Municipality. Failure to provide an actual location should not be a basis for disqualifying a signature.

The Clerk's Office used a standard which required virtual identity of information although overly restrictive coding may have occurred for other reasons. Staff who certified the petition worked under a time constraint. The process is lengthy and boring, and comments from staff members indicated that they did not find the task interesting or enjoyable. It is human nature that these feelings may have influenced the certification process. Subconscious resentment toward the task may have translated into a tendency toward overly strict coding of signatures. Although Ruby Smith says she gave signers the benefit of the doubt, she was still using the standard of identity of information, and she did not participate in the certification of Mr. Staudenmaier's petition. The attitude of other staff members may have been reflected in overly restrictive coding which did not give the benefit of the doubt to the petition signer.

RECOMMENDATIONS - CASE 80-462

Based upon Conclusions 1-3 above, the Office of the Ombudsman makes three general and one specific recommendations:

1. The Clerk's Office should cease the practice of certifying only those signatures of persons registered 30 days in advance.
2. AMC 2.50.020 and Section 3.02(t) of the Home Rule Charter should be amended to allow 60 rather than ten days to certify the petition.

In the course of discussing these complaints with the Clerk, staff expressed its dissatisfaction with the requirement

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that petitions must be certified within ten days. Tensions caused by this dissatisfaction may have contributed to overly restrictive coding of Mr. Staudenmaier's petition.

The ten day period ensures that the Municipality will act quickly upon the petition, and facilitates placing the issue before the voters in relatively short order. However, ten days is too short a time period to make full use of the most efficient and error-free method of certification -- the State master voter registration information.

Updated information is available only every four weeks (three weeks in an election year), yet the petition must be certified in ten days. The Clerk could request the most recent list, certify as many signatures as possible, and then go to the State office to review actual registration forms. But manual checking against forms offers a greater opportunity for inadvertent error than checking against a microfiche copy. A 60 day period permits time to obtain at least two lists (in a non-election year), and time to check them in an orderly, non-pressured manner.

When this ordinance was proposed, it was accompanied by AM 630-76 prepared by Mary Coffey, then the Municipal Clerk. She noted that "the majority of the ordinance has been lifted from the Municipal Charter and from current provisions of AS 29". AS 29.28, Articles 1 and 2, sets forth initiative and referendum laws for general law municipalities (boroughs and cities), and grants the clerk of these entities ten days to certify whether a petition is sufficient (AS 29.28.073). This time period is incorporated in the Charter. However, State law permits the lieutenant governor 60 days to review a petition which involves a statewide issue (AS 15.45.150 and 15.45.380).

With one-half of the State's population, Anchorage is in a unique position among local governments in Alaska. Ten days may be sufficient to certify a petition from a locality with a smaller population, but the time period places a severe strain on Anchorage staff. Since the complexity of initiative and referendum issues and the number of signatures needed will exceed those of cities and boroughs with smaller populations, the time requirements for certification in Anchorage are more akin to those of the State. The time for completing the certification process should be extended, to a period of 60 days.

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3. The Municipal certification procedure should be changed through revisions to AMC 2.50.030.

A. Date of birth should be included as part of required petition contents. Since this information is particular to individuals, and already included on the State master voter registration list (although it is not mandatory), and is not subject to change as are addresses, use of birth date will facilitate the verification process and minimize reliance on individual voter records at the local State Election Office.

B. Mailing addresses should be deleted, since this information is not needed to demonstrate residence in the Municipality.

C. Using the most current information available from State election officials, any signer who was registered at the time of signing should be certified.

D. A signer should be certified if there is no reason to believe that the signer is not a registered voter, as long as the signer is an Anchorage resident, who provides a legible signature and a proper date. The following sequence of steps should be used to verify a signature:

i. If the date given is before or after the date of petition circulation, the signature should be disqualified.

ii. If the resident address on the petition is outside the Municipality, the signature should be disqualified.

iii. Completely illegible signatures should be disqualified. If the name can be ascertained from the printed signature, it should meet the requirement of a legible signature.

iv. If the legible name on the petition is similar to a name on the voter registration list, and the birth date is the same, the signature should be certified. Similar names include identical names, identical initials (D.J. Smith; Daniel Jones Smith), and common nicknames (Bob Smith; Robert Smith).

v. If the number of names on the petition but not on the master list exceeds the number still needed to certify the petition, registration form should be checked to compare signatures. This takes into account the inevitable number of registered voters who will not be entered upon the master

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list because the registrar submitted registration forms after the date for compilation of the master list. Ms. Burke notes that such persons are registered as of the day the form is completed.

vi. If there is any question about whether the signer is a registered voter, the petition signature shall be verified against individual registration forms in the local election office.

These procedures give the benefit of the doubt to petition signers. This is proper since, "In matters of initiative and referendum the people are exercising a power reserved to them by the Constitution and laws of the state, and the constitution and statutory provisions under which they proceed should be liberally construed". Municipality of Anchorage v. Frohne, 568 P2d 3, (1977).

4. Thomas Staudenmaier's petition should be re-certified in accordance with the recommendations of this report.

Mr. Staudenmaier's submission fell short by 720 signatures of the number required. Since all of the 1,373 registrations and address changes which he submitted between June 23 and July 14 would have appeared on the master voter registration list, all these signatures were probably certified. However, the 422 registrations submitted between July 15 and August 4 should have been certified as well. Even with the addition of these 422 names, the submission is short by 296 signatures.

It is conceivable that 300 errors could have been made, given the overly restrictive coding categories and inconsistent coding methods. Some signers who listed PO or SRA boxes may have been improperly disqualified. Some signers with information similar but not identical to the master voter registration list could have been improperly disqualified.

Uncertified signatures totaled 2,797; of these, 422 clearly should have been certified, leaving 2,375 questionable signatures. An error rate of one in eight or 12 percent is not farfetched. Although the re-certification process is time-consuming, the need for a valid result is primary. Re-certification using 1) current registration information, 2) consistent coding methods, 3) a more liberal standard under which a signature is certified if there is no reason to believe the signer is not a registered voter, would provide a clear answer to Mr. Staudenmaier's complaint.

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It is too late to require dates of birth on Mr. Staudenmaier's petitions. However, a similar process to that recommended above can be followed. If it appears more than one person uses the same name (for example, several Bob Johnsons, with dissimilar addresses) State voter registration forms should be checked to compare signatures. Any questionable signature should be checked against State voter registration forms.

CONCLUSION - CASE 80-559

Although the Law Department acted reasonably in refusing to provide an advance determination of the sufficiency of Mr. Nolen's proposed referendum question, an advance determination would have prevented unnecessary work for the Clerk's Office, and would have been more fair to Mr. Nolen.

Mr. Nolen submitted over 4,000 signatures. Approximately 1,500 were disqualified, leaving him 700 names short of the required 3,221. Although the reason given for failure to certify the petition was lack of sufficient signatures, even with sufficient signatures the Municipality would have determined that the question submitted was not the proper subject for a referendum. Were it not for this determination that the question presented by Mr. Nolen's petition did not meet Charter requirements, the Office of the Ombudsman would investigate the need for re-certification.

Since we have declined to issue an opinion as to the propriety of this determination, one question remains: should Mr. Nolen have been informed in advance that his petition would be found insufficient even if he obtained the required number of signatures?

Mr. Nolen and his supporters expended a great deal of time and effort in circulating the petition. A refusal to make a determination in advance, followed by a later determination of insufficiency, creates the appearance that the Municipality is purposefully withholding information about its position while requiring citizens who support an initiative or referendum to embark upon a futile exercise in obtaining signatures. Also, the Clerk's Office is put to unnecessary work if it is required to certify signatures before a sufficiency determination is made.

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However, an advance determination for Mr. Nolen would require an advance determination in all cases when requested. The Law Department would run the risk of reviewing numerous requests for sufficiency determinations. In effect, the Law Department would be assisting private petitioners. The role of the Law Department is not to serve the interests of individual petitioners, but to defend the interests of the Municipality. Citizens may argue that this role does not always serve the public interest. In the context of Mr. Nolen's petition, the elected representatives of the citizens -- the Mayor and the Assembly -- had determined that it was in the public interest to provide a certain type of sports complex. The job of the Law Department is to defend this articulation of the public interest. Nonetheless, citizens have a right to attempt to subject this articulation to a referendum and to challenge the decision of the Municipality in court. The expense and length of court proceedings may deter petitioners from commencing a legal challenge. But this does not compel the Law Department to make a determination in advance as to the propriety of the question presented in an initiative or referendum petition, in the absence of a statutory requirement to do so.

State law relating to initiative and referendum includes a specific provision for a determination in advance that the question is a proper subject. Persons wishing to raise such an issue must file an application with the lieutenant governor, accompanied by a deposit of \$100 which is refundable if the petition is found to be properly filed. The lieutenant governor reviews the application, with no time limit for review of initiative questions and seven days to review referendum questions. The application can be denied if there is an inadequate number of sponsors, or if it is not in the required form. A question which involves a subject restricted by law is deemed not in the proper form.

After the petition is circulated, it is filed, at which point the lieutenant governor has 60 days to determine if it was properly filed. This involves a determination as to whether there is a sufficient number of signatures (AS 15.45, Articles 1 and 2).

Thus, the process involves two steps: review of an application (which includes a determination about the propriety of the subject), and a later review to determine whether the petition was properly filed (which involves verification of a sufficient number of signatures). Spurious

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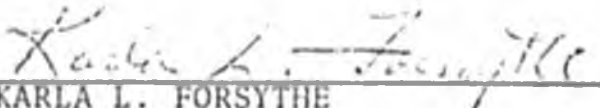
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efforts to obtain legal advice are deterred by the deposit requirement, and by the requirement of submitting signatures and addresses of 100 qualified voters at the time of application.

RECOMMENDATION - CASE 80-559

Municipal law should be amended to include a two-step procedure similar to that used by the State. Consideration should be given to a waiver of the \$100 deposit for persons who can demonstrate indigency.


KARLA L. FORSYTHE
Assembly Ombudsperson

February 23, 1981

Municipality
of
Anchorage



POUCH 6-650
ANCHORAGE, ALASKA 99502
(907) 264-4461

OFFICE OF THE OMBUDSMAN

February 19, 1981

Thomas Staudenmaier
P. O. Box 408
Eagle River, AK 99577

Dear Mr. Staudenmaier:

I have enclosed copies of our investigative report into your complaint, comments from the Municipal Attorney and the Clerk, and a memorandum from this office in response to these comments. Copies of these documents will be forwarded to the Assembly by February 23, 1981, and will become public record at that time.

Please let me know if you have any questions or comments.

Sincerely,

Karla L. Forsythe
Karla L. Forsythe
Assembly Ombudsperson

KLF:cub
Enclosures

Municipality of Anchorage

MEMORANDUM

DATE: February 19, 1981
TO: Ted Berns, Municipal Attorney
FROM: Karla L. Forsythe, Assembly Ombudsperson
SUBJECT: CASES 80-462 and 80-559

I have reviewed your memorandum of February 10, which offers several comments related to our case numbers 80-462 and 80-559.

The degree of dedication and conscientiousness exhibited by the staff of the Clerk's Office is not at issue. Our investigation indicated that statutory interpretations by the Clerk's Office, as well as the Charter and Code requirement that the petitions must be certified within 10 days, contributed to disqualification of one-third to one-half of signatures submitted on recent initiative and referenda petitions.

The conclusion that there is no rational basis for failing to certify all voters who are registered at the time they sign the petition is supported by an analysis of applicable Municipal and State Law (found on pages 8 and 9 of the report).

On July 17, 1980, the Superior Court denied Mr. Staudenmaier's motion for a temporary restraining order restraining the Municipality from taking any further action on the acquisition of land or the negotiation of contracts for the construction of the capital improvement projects known as Project 80s. The Court did not address the procedures used to certify the petition. It is the conclusion of this office that because of an overly restrictive interpretation of the Municipal Code, a substantial number of signatures may have been improperly disqualified. Because initiative and referendum are fundamental rights guaranteed by the Home Rule Charter to the people of Anchorage, our conclusion compels a recommendation that the petition should be re-certified.

Our report, your comments, comments from the Clerk, and this memorandum will be forwarded to the Assembly by February 23, at which time they will become public record.


KARLA L. FORSYTHE
Assembly Ombudsperson

KLF:dab

Municipality of Anchorage

MEMORANDUM

DATE: February 10, 1981
TO: Karla Forsythe, Ombudsperson
FROM: Municipal Attorney
SUBJECT: Case Nos. 80-462 and 80-559

I have reviewed your preliminary report on the above referenced cases and offer the following comments:

1. With respect to your assertions that the Municipal Clerk's Office did not follow consistent procedures and that the Clerk's staff otherwise may not have accurately verified the subject signatures, I cannot offer any comment. These matters should, I believe, be appropriately addressed by the Municipal Clerk. I will note that in our dealings with the Clerk's Office, we have found that staff to be extremely dedicated and conscientious in carrying out their duties.

2. In regard to your analysis and interpretation of AMC 2.50.010(D) and 2.50.040(A), I must strongly disagree. I believe your interpretation is supported by neither the law nor sound public policy. AMC 2.50.010(D) explicitly defines a "qualified voter" for initiative purposes to be a person who "...at the moment he signs a petition for initiative or referendum, is legally entitled to vote and who, by virtue of a current residence address, is registered to vote in state and Anchorage municipal elections." The test is clearly two fold. First, a person must be validly registered. Second, such person must be eligible to vote if an election were being held on the day he or she signs a petition. Since, as you admit in your report, a person must be registered for 30 days to vote in a state election, the above test set forth in AMC 2.50.010(D) seems easy to apply. Persons registering within 30 days of signing a petition are not "qualified voters" under municipal law. I find your unsupported legal assertion on pages 9-10 of the report that "There is no rational basis for failing to certify these registered voters." to be unpersuasive. The Assembly is, of course, free to amend AMC 2.50.010(D), but until that body acts, the above cited ordinance is the law which the Clerk is bound to follow.

3. I was pleased that you agree with my view that, under present law, the Municipal Attorney should not provide private legal advice to persons attempting to block official actions of the Executive and Legislative branches of the Municipal Government. I would be personally sympathetic to legislative changes that might avoid the need to reject petitions as improper after considerable time has been spent gathering signatures. See, for example,

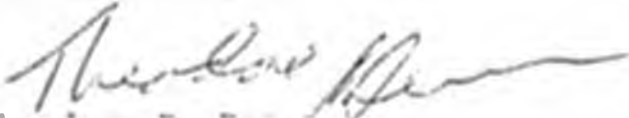
state procedure at Article XI, Section 3, of the State Constitution.

4. With regard to your statement on page 18 that Mr. Staudenmaier's petition should be "re-certified," I am frankly amazed that your office would seriously suggest such an action. As you know, Mr. Staudenmaier has been in litigation with the Municipality over his petition for approximately nine months. Mr. Staudenmaier was totally unsuccessful in attempting to receive any support for his arguments before the Anchorage Superior Court. Moreover, if Mr. Staudenmaier believed that any errors of law or fact were committed by the Municipality, it has been his duty to pursue these matters before the court in a timely manner.

Since Mr. Staudenmaier's first, unsuccessful attempts to stop Assembly and Administration actions on Project 80's, the Municipality has proceeded diligently toward construction of over \$68 million in capital improvement projects. Any attempt by Mr. Staudenmaier to block these projects at this late date could cost municipal taxpayers literally millions of dollars in damages. To allow such damages to occur due to Mr. Staudenmaier's delay in asserting any right he may have before the courts is, at best, unconscionable. For this reason, I strongly disagree with any attempt to "re-certify" the subject petition and will be advising the Municipal Clerk that such a re-certification is not allowable under AMC 2.50.

I would be happy to elaborate on the above at your convenience.

DEPARTMENT OF LAW



Theodore D. Berns
Municipal Attorney

TDB:gml

Municipality of Anchorage

MEMORANDUM

DATE: February 19, 1981
TO: Ruby Smith, Municipal Clerk
FROM: Karla L. Forsythe, Assembly Ombudsperson
SUBJECT: CASE NUMBERS 80-462 and 80-559

I have reviewed your memorandum of February 12 which offers several comments related to our case numbers 80-462 and 80-559.

I continue to disagree with application of the 30 day registration period to the initiative and referendum certification process, for the reasons outlined on pages 8 and 9 of the investigatory report. Since the July 19 microfiche did not contain the names of all qualified voters who signed Mr. Staudenmaier's petitions, steps should have been taken to obtain the most current information available from State Election officials. I believe it would have been possible to allocate some of your staff to the task of checking voter registration cards, without ceasing other office duties. The majority of signatures would have been verified using the July 19 microfiche, leaving only information submitted to State Election officials between July 14 and July 25 to be verified in person. Also, Ms. Burke indicates that even during an election her office would permit Clerk's staff to check voter registration cards if plans were made in advance to do so.

Although under the procedures used by Clerk's staff it may have made no difference whether a name was coded NR or IA, the procedures tended to require identity between information on the petition and information on the voter registration microfiche. The Municipal Code does not require identical information. Had the office interpreted Code requirements to permit certification when there was no reason to believe a signer was not a qualified voter, the certification results might have been substantially different.

The Municipal Code does not preclude certification by methods similar to those used by the State, with the exception of the time period for certification. Since the State has similar initiative and referendum procedures, yet disqualifies far fewer signatures, I believe an examination of State practices is relevant.

The time period for certification of petitions should reflect a balance between reasonable promptness in determining whether the issue will be placed before the voters, and adequate time to determine whether there are a sufficient number of signatures. The present 10 day period appears to favor expeditious processing of petitions at the expense of a careful determination that a voter is qualified to sign the petition.

The 60 day period established by State law offers another model, one which appears better suited to the needs of the Municipality and Anchorage citizens than the present 10 day period.

At page 12, section 3, the report discusses the possibility that registrations through July 14 might not have been included on the master voter registration list. Although it is impractical to review the July 19 microfiche to ascertain the extent to which that particular list was current, it is still possible to determine whether petition signers were registered voters as of the date they signed the petition.

Each staff member in the Office of the Ombudsman recalls that general comments were made in passing by Clerk's staff during the certification process, which indicated a resentment toward the certification task and toward the individual at whose behest the task was performed. The report attributes these comments, which appeared to be evidence of shortened tempers, to the nature of the work, which is unenjoyable at best.

On page 11 of the report, in conclusion number one, a typographical error has been corrected to reflect that the Clerk's Office should not have used the provisions of AS 15.07.070(d) to determine whether a signer was qualified to sign the petition. Also, I have revised the report to reflect your comments regarding Mr. Nolen's petition. The investigatory report is based upon our observations, and outlines conclusions and recommendations; it does not level accusations, although it raises questions about the procedures used to certify petitions. Whenever an observation has been based upon an inference, we have identified it as such.

Our report, your comments, comments from the Municipal Attorney, and this memorandum will be forwarded to the Assembly by February 23, at which time they will become public record.


KARLA L. FORSYTHE
Assembly Ombudsperson

KLF:dab

Municipality of Anchorage

MEMORANDUM

DATE: February 12, 1981
TO: Karla L. Forsythe, Assembly Ombudsperson
FROM: Ruby E. Smith, Municipal Clerk
SUBJECT: Cases 80-462 and 80-559

RECEIVED

Date 2-13

Signature db
Assembly Ombudsman

The following are my comments regarding your investigative report on cases 80-462 and 80-559.

In my opinion, which has been confirmed by our attorney, a person would not be legally entitled to vote unless he had been registered for at least 30 days. AMC 2.50 states that only qualified voters are entitled to sign a petition. AMC 2.50 further defines a qualified voter. For your information, I failed to find a section AS 15.07.040(d). However, there is a section AS 15.07.040 to which I assume you refer.

The microfiche dated July 19 would have shown all names of people who had been registered for at least 30 days prior to signing the petition. It would have made no difference when Mr. Staudenmaier submitted the registrations he had gathered. You stated the microfiche only contained the names of people registered as of July 14, 1980. This date is still within the 30-day period. The July 19 microfiche would have contained the names of people registered for 30 days who signed the petition submitted on August 4, 1980. It would be a hardship to have the Clerk's office check the signature cards in the State Election Supervisor's office, as we would not be able to close down the Clerk's Office for this purpose. Also, when the petition was submitted to this office, it would have been within 30 days of the State Primary Election, and this office would probably not have been permitted to check signature cards at such a busy time.

Regarding your conclusion that the Clerk's staff coded the petition in an overly restrictive manner, I believe you are splitting hairs. It would have made no difference whether or not a name was coded NR or IA; the results were the same. The name would not have been certified.

You also speak to the way the State of Alaska certifies a petition. I do not see where this is germane to the matter. The Municipal Clerk's office is governed by the Municipal Code and I believe the Code is clear as to what names may be certified and what names may not be certified. The State is governed by the Alaska Statutes.

Many of your accusations require a change in the Municipal Code or the Charter, over which the Clerk's office has no control.

As an additional comment, I would like to say that many of your accusations are based on speculations over procedures followed by the Clerk's office. In paragraph 4 on Page 10, for instance, you assume, without showing hard facts, that 300 coding errors were made because of the coding methods used. You also make a similar inference in paragraph 3 on Page 12. You admit here that you do not have factual support of the means for obtaining that support for your allegations. I am alarmed that you would raise such serious allegations of misconduct or incompetence.

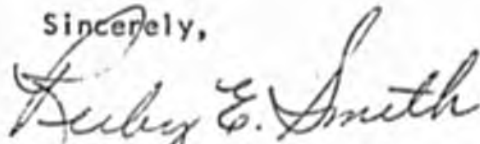
February 12, 1981

Further, I might add, you state in your findings that tempers were short, staff was frustrated and it was tedious, eye-straining work. I disagree with you regarding the staff. Since I have been in this office, I have never seen tempers flare. I agree that it is eye-straining work and no one particularly enjoys this type of work.

Regarding your comments with reference to Mr. Nolen's petition, the Legal Department did not ask this office to check the petition at a late date. When I spoke with the attorney, he advised that they would like to have the signatures checked and it was I who made the decision to check the names.

Regarding your recommendations, I am sure this office would follow the Code or the Charter on any changes the legislative body poses. However, I might add that I feel the reason for the 10 days in which to certify a petition is so that the petition is not placed on the back burner and that it is handled right away. Also, if there were 60 days in which to check the petition, it would probably mean that an issue would not be placed on the ballot for at least a year.

Sincerely,



Ruby E. Smith
Municipal Clerk

513/68

LAW OFFICES

BIRCH, HORTON, BITTNER, MONROE
PESTINGER AND ANDERSON

A PROFESSIONAL CORPORATION

130 SEWARD STREET, SUITE 411

JUNEAU, ALASKA 99801

(907) 586-2890

1127 WEST SEVENTH AVENUE
ANCHORAGE, ALASKA 99501
(907) 276-1550
TELEX 25-356

711 GAFFNEY ROAD
FAIRBANKS, ALASKA 99701
(907) 452-1666

1140 CONNECTICUT AVE., N. W. SUITE 1100
WASHINGTON, D. C. 20036
(202) 659-5800

RONALD G. BIRCH
HAL R. HORTON
WILLIAM H. BITTNER
SUZANNE C. PESTINGER
LLOYD V. ANDERSON
W. BRUCE MONROE
RODNEY B. CARMAN
MICHAEL R. SPAAN
JOSEPH M. CHOMSKI
DOUGLAS J. BERDANEK
WINSTON S. BURBANK
CAROL A. JOHNSON
JOSEPH W. EVANS
E. BUDD SIMPSON
CONSTANCE E. BROOKS
JACK D. CLARK
PAUL H. GRANT
PATRICK H. OWEN
DANIEL W. WESTERBURG
WILLIAM P. BRYSON
C. FLOYD MATHEWS
KATHRYN A. BLACK
PAUL L. DILLON
STANLEY T. LEWIS
MARC W. JUNE
SUSAN P. BEHLKE

October 29, 1981

*NOT ADMITTED IN ALASKA

Senator Donald Gilman, Chairman
Senate Community and Regional
Affairs Committee
Pouch V
Juneau, Alaska 99811

RE: Per Capita Grants
Our File No. 400,295.03

Dear Senator Gilman:

We represent the Village of Angoon and are writing with respect to the administration of SB 168, the per capita grant program established during the first session of the twelfth Alaskan Legislature. It is our understanding that hearings will be held regarding the per capita grants on November 6, 1981, in Anchorage. Regrettably, we will be unable to attend the November meetings, but we do have some observations and concerns to share with your committee.

Angoon was extremely pleased to be a recipient of the per capita funds. The village, through the local Assembly, elected to purchase a number of necessary goods and provide funding for essential community services with the per capita funds. As an example, the Assembly used the funds to procure a fire safety vehicle which insures that Angoon, for the first time in its long history, has an adequate safeguard against catastrophic fire.

While the City was delighted with the concept of the per capita fund program, the administration of the funding left something to be desired. Through a series of letters from the Department of Administration addressed to the City, the Assembly was under the erroneous impression that it was required to spend the money by September 3, 1981, or else lose the funds. You can well imagine the bind this placed on the Assembly. As a practical matter, the Assembly proceeded to commit the funds without the usual deliberation such a decision requires. Angoon is a very

Senator Donald Gilman, Chairman
October 29, 1981
Page No. 2

small community that is relatively isolated. The individuals living there prefer to make decisions slowly with full discussion and community input. It was only through the work of our office that information was received which corrected the false impression generated by the Department of Administration. This allowed the Angoon Assembly to more fully consider their options and spend their allocation with greater deliberation.

Angoon certainly hopes that the next session of the Legislature repeats the decision to provide flexible revenue sharing for the municipal units. We have a number of projects that are needed and only await funding. We only would request that the administration of funding in the future take place in such a manner as to allow adequate time for careful consideration. We believe this will insure that the money received is spent in a prudent and intelligent fashion.

Thank you for your assistance. For the citizens of Angoon, we are,

Sincerely,

BIRCH, HORTON, BITTNER, MONROE,
PESTINCER AND ANDERSON


Joseph W. Geldhof
Legislative Liaison

JWG:lyn

cc: Representative Pat O'Connell

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

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, GOVERNOR

REPLY TO:

POUCH 8H
JUNEAU, ALASKA 99811
(907) 465-4707

225 CORDOVA STREET, BLDG. B
ANCHORAGE, ALASKA 99501
(907) 264-2201

P.O. BOX 348
BETHEL, ALASKA 99559
(907) 543-3475

P.O. BOX 41
NOME, ALASKA 99762
(907) 443-5457

August 14, 1981

Dear Community Leader:

RE: UNINCORPORATED COMMUNITY AID ACCOUNT

During its last session, the Legislature passed, and the Governor signed into law, Senate Bill 168, which authorizes per capita payments to municipalities and qualified unincorporated communities. To be eligible to receive payment under SB 168, an unincorporated community must meet at least three of the five standards found in Section 19 AAC 44.020(a) of the enclosed emergency regulations. Also, to be eligible, a community must not have any of the three conditions found in Section 19 AAC 44.020(b) of the attached emergency regulations.

The law states that population counts will be determined from the latest figures of the United States Bureau of the Census. Each unincorporated community in the unorganized borough is entitled to receive \$1,000 for each person residing within that community. The U.S. Bureau of the Census population for your community is _____. You can determine your community's entitlement by multiplying your population times \$1,000.

These funds may be used for social services, capital projects, or operating expenses of capital projects in your community. The definition of these uses is found in the accompanying copies of the law and the emergency regulations.

In order to receive this money, your community must have a nonprofit corporation organized and recognized by the State, or an IRA Council organized under Section 17 of the Indian Reorganization Act. The organization applying for this funding must agree to receive and spend the money for the benefit of all citizens in the community. If there is more than one qualified organization, the law requires the Department of Community and Regional Affairs to select the most qualified. The Department is required to give preference to a nonprofit corporation organized for the purpose of receiving and expending funds provided under this law.