

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

5944 HOUSE LABOR & COMMERCE

348

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Insured Mortgage Bonds			
1975 First Series, 7.9% to 9%, due 1988-2005	5,000	4,280	4,375
1976 First Series, 7% to 7.5%, due 1988-2006	20,000	17,250	17,630
1976 Second Series, 6.8% to 7.125%, due 1988-2006	25,000	21,725	22,155
1977 First Series, 5.8% to 6.625% due 1988-2007	35,000	29,025	29,740
1977 Second Series, 5.6% to 6.5%, due 1988-2007	48,000	40,030	41,050
1977 Third Series, 5.3% to 6.125% due 1988-2007	40,000	32,825	33,775
1978 First Series, 5.5% to 6.375%, due 1988-2007	47,225	40,750	41,650
1978 Second Series, 6.3% to 7.5%, due 1988-2007	55,000	47,850	48,815
1978 Third Series, 6.1% to 7.125% due 1988-2008	44,000	38,700	39,490
1979 First Series, 6.25% to 7.3%, due 1988-2008	60,000	53,750	54,750
1979 Second Series, 6.05% to 7.125%, due 1988-2009	105,000	93,000	94,800
1980 First Series, 7.45% to 8.75%, due 1988-2009	39,400	36,545	37,055
1980 Second Series, 7% to 9.2%, due 1988-2010	230,000	213,030	215,910
1980 Third Series, 9% to 11%, due 1988-2009	230,000	146,950	175,675
Total Insured Mortgage Bonds at par	983,625	815,710	856,870
Unamortized discount		(12,743)	(14,343)
Net Insured Mortgage Bonds		802,967	842,527
Insured Rural Mortgage Bonds:			
1979 First Series, 7.5% , issued without discount to the State	5,600	-	2,592
1980 First Series, 7.5%, issued without discount to the State	4,400	-	2,643
Total Insured Rural Mortgage Bonds	10,000	-	5,235
State Assisted Mortgage Bond:			
Series A, 16.25%, due 1993-1999	150,000	60,000	60,000
Series D, 17.75%, and Series E, 18.375%, due 1988-1991	150,000	30,837	41,114
Series F, 15.25%, due 1992	225,000	3,080	22,402
Series H, 11.75%, due 1992	50,000	16,903	20,657
Series I, 11.5%, due 1991-1993	50,000	24,719	28,486
Series J, 11.375%, due 1991-1993	50,000	24,255	28,383
Series K, 10.75%, due 1988-1993	75,000	39,984	45,468
Series L, 11.5%, due 1988-1993	75,000	31,842	37,444
Series M, 12.875%, due 1988-1993	75,000	23,326	28,285
Series N, 12.3%, due 1988-1993	75,000	29,907	34,798
Series O, 12.3%, due 1989-1997	50,000	50,000	50,000
Series P, 10%, due 1989-1998	50,000	50,000	50,000
Series Q, 8.25%, due 1989-1998	50,000	47,000	50,000
Total State Assisted Mortgage Bonds at par	1,125,000	431,853	497,037
Unamortized discount		(4,393)	(5,569)
Net State Assisted Mortgage Bonds		427,460	491,468

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Home Mortgage Bonds			
1981 First Series, 11.2% to 12.75%, due 1988-2001	100,000	43,845	51,930
1981 Second Series, 11.5% to 13.375%, due 1988-2012	100,000	61,835	69,720
1982 First Series, 9.5% to 11.865%, due 1988-2001	85,000	49,095	53,606
1982 Second Series, 8.75% to 10.848%, due 1988-2000	100,000	66,551	71,054
1983 First Series, 7.75% to 10.5%, due 1988-2001	75,000	54,075	57,060
1983 Second Series, 7.5% to 10.63%, due 1988-2010	125,000	96,094	104,684
Collateralized 1984 Series A, 10.5% to 10.625%, due 2003-2019	75,000	57,105	65,365
Collateralized 1985 Series B, 8.875%, due 2004-2021	102,445	68,475	75,515
Collateralized 1986 Series A, 8.375%, due 2000-2016	50,000	50,000	50,000
Collateralized 1986 Series B, Floating Rate, due 2000-2016	50,000	-	50,000
Collateralized 1987 Series A, Floating Rate, due 1997-2003	67,000	67,000	67,000
Collateralized 1987 Series B, 6.25% to 8.75%, due 2016	50,000	50,000	-
Total Home Mortgage Bonds at par	979,445	664,075	716,434
Unamortized premium		8,333	2,844
Net Home Mortgage Bonds		672,408	719,278
State Guaranteed Bonds:			
1983 First Series, 6.50% to 9%, due 1988-2002	50,000	35,200	37,900
1983 Second Series, 6.7% to 8.25%, due 1988-2001	125,000	88,815	97,395
1983 Third Series, 7.25% to 9.25%, due 1988-2001	75,000	54,780	58,120
1983 Fourth Series, 7.75% to 10%, due 1988-2001	100,000	59,315	65,005
1983 Fifth Series, 7.4% to 9.75%, due 1988-2001	50,000	33,615	36,595
1983 Sixth Series, 7.8% to 10%, due 1988-2001	75,000	51,225	56,180
1984 First Series, 7.25% to 9.88%, due 1988-2014	130,000	95,415	105,470
1984 Second Series, 8.5% to 11.88%, due 1988-2014	100,000	49,220	56,505
Collateralized 1984 First Series, 9.50% to 10.25%, due 1996-2015	100,000	68,865	81,340
Collateralized 1984 Second Series, 10% to 10.125%, due 2003-2019	302,500	71,675	79,490
Collateralized 1985 First Series, 8.5% to 9.875%, due 2004-2020	150,000	100,470	150,000
Collateralized Bonds 1988 First Series, 5.5% to 8.10%, due 1991-2020	50,000	50,000	-
Total State Guaranteed Bonds at par	1,307,500	758,125	827,500
Unamortized discount		(13,772)	(15,203)
Net State Guaranteed Bonds		744,353	812,297

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	1988	June 30 1988
Medium Term Notes and Secured Bonds:			
Secured Bonds, 1986 Series A, 8.25%, due 1989-2001	100,000	100,000	100,000
Medium Term Notes, Series 1986-1, 7.70% to 9.25%, due 1988-1996 and Secured Bonds, 1986 Series B, 9.30%, due 1996-2001	125,000	117,786	125,000
Medium Term Notes, Series 1986-2, 7.95% to 9.20%, due 1988-1996 and Secured Bonds, 1986 Series C, 9.25%, due 1996-2001	125,000	116,800	125,000
Medium Term Notes, Series 1986-3, 6.40% to 7.918%, due 1988-1996 and Secured Bonds, 1986 Series D, 8.625%, due 1996-2001	125,000	125,000	125,000
Medium Term Notes, Series 1986-4, 6.50% to 8.35%, due 1988-1996 and Secured Bonds, 1986 Series E, 8.75%, due 1996-2001	125,000	125,000	125,000
Total Medium Term Notes and Secured Bonds	600,000	584,586	600,000
Unamortized discount		(2,090)	(2,090)
Net Medium Term Notes and Secured Bonds		582,496	597,910
Floating Rate Notes:			
Variable interest rates (8.795% at June 30, 1988) due 1988-2001	125,000	119,000	125,000
Unamortized discount		(39)	(39)
Net Floating Rate Notes		118,961	124,961
Mortgage-Backed Bonds:			
Series 1987-1, 9.7%, due 1994; Floating Rate Mortgage-Backed Bonds, Series 1987-1, due 1992, 8.3% at June 30, 1988	62,000	62,000	62,000
Medium Term Notes, Series 1987-1, 8.5% to 9.8%, due 1989-1996; Z Bonds, Series 1987-1, 9% due 1989-1996; Floating Rate Notes, Series 1987-1, due 1989-1996, 7.8625% at June 30, 1988	100,000	100,000	100,000
Unamortized discount		(2,833)	(2,833)
		97,167	97,167
Residential Mortgage Bonds:			
Series A, 8.73%, due 1988-1991	25,000	20,000	25,000
Series B, 8.60%, due 1988-1991	25,000	25,000	25,000
Series C, 7.88%, due 1989-1992	15,000	15,000	15,000
Total Residential Mortgage Bonds	65,000	60,000	65,000

ALASKA HOUSING FINANCE CORPORATION

Notes to Combined Financial Statements

	Original Amount	June 30 1988	1987
Fairbanks North Star Borough Residential Mortgage Bonds Series 1982 10.75% to 12.75% due 1988-2002	<u>35,000</u>	15,685	19,305
Unamortized discount		(89)	(167)
Net Fairbanks North Star Borough Residential Mortgage Bonds		<u>15,596</u>	<u>19,138</u>
Alaska Housing Finance Corporation Overseas Finance N.V. Guaranteed Bonds Series E-I, 11.75%, due 1988-1994	<u>100,000</u>	61,395	77,073
Unamortized discount		(834)	(1,202)
Net Alaska Housing Finance Corporation Overseas Finance N.V. Guaranteed Bonds		<u>60,561</u>	<u>75,871</u>
Home Owners Assistance Program (HOAP): Medium Term Notes, Series 1988-I, 8.55% to 9.80%, due 1990-1997. Secured Bonds, Series F, 10.30%, due 2003. Secured Bonds, Series G, 10.55%, due 2018. Z Bonds, Series 1988-I, 9.00%, due 2018. and Floating Rate Notes, Series 1988-I, due 2018, 7.875% at June 30 1988	110,000	110,000	-
Collateralized Mortgage Obligations, Series 1988-I, 8.5% to 9.00%, due 2000-2006	<u>75,000</u>	<u>75,000</u>	-
Total Home Owners Assistance Program	<u>185,000</u>	185,000	-
Unamortized discount		(6,096)	-
Net Home Owners Assistance Program		<u>178,904</u>	-
Federal National Mortgage Association (FNMA) Notes: Collateral Note, 1985 First Series, 13.61%, due 1988-2000	50,000	13,922	21,406
Collateral Note, 1985 Second Series, 13.94%, due 1988-2000	50,000	8,041	16,971
Collateral Note, 1985 Third Series, 13.54%, due 1988-2000	75,000	28,862	42,432
Collateral Note, 1985 Fourth Series, 12.79%, due 1988-2000	75,000	34,651	47,945
Collateral Note, 1985 Fifth Series, 11.93%, due 1988-2000	<u>50,000</u>	<u>23,386</u>	29,567
Total Collateral Notes at par	<u>300,000</u>	108,862	158,321
Unamortized discount		(5,540)	(5,715)
Net Collateral Notes		<u>103,322</u>	<u>152,606</u>
	<u>\$6,087,070</u>	<u>4,009,699</u>	<u>3,991,067</u>

Notes to Combined Financial Statements

The bonds and notes are secured, as described in the applicable agreements, by the revenues, moneys, investments, mortgage loans and other assets in the funds and accounts established by the respective security agreements. A substantial portion of the assets of the Corporation are pledged to the outstanding obligations of the Corporation. Additionally, a Special Pledged Fund (approximately \$8,633,000 at June 30, 1988, and \$9,166,000 at June 30, 1987) consisting of permitted investments and cash held by the State Commissioner of Revenue is available and pledged to the Housing Mortgage Program Bonds in addition to the assets held in the Housing Mortgage Bond Fund. This Special Pledged Fund is not reflected in the accompanying combined financial statements.

The bonds are generally subject to certain early redemption provisions, both mandatory and at the option of the Corporation.

The minimum principal payments, including sinking fund principal payments related to all bond and note indebtedness in the immediately preceding schedule (except FNMA Notes), for the five years subsequent to June 30, 1988 and thereafter, are as follows (in thousands of dollars)

Year Ending June 30	Amount
1989	\$ 123,572
1990	153,424
1991	188,570
1992	197,598
1993	318,329
Thereafter	<u>2,959,596</u>
	<u>\$3,941,089</u>

FNMA Notes are held by FNMA and are secured by FNMA Mortgage Backed Securities (MBSs). The related security agreement was modified May 19, 1988, requiring computation of the Required Collateral Amount, as defined in the amendment to the agreement on a semi-annual basis beginning June 1, 1988. The effect of the amendment is to prevent the release of collateral unless the Required Collateral Amount would remain available. The Amendment effectively terminates on May 18, 1995. Principal reductions are required monthly on these notes in an amount approximately equal to the revenues related to the mortgages underlying the MBSs, less interest on the FNMA notes.

For certain bond issues, the Corporation has entered into credit arrangements with various financial institutions to provide funds necessary in connection with amounts required for debt service or unpaid bond principal. Varying commitment fees are required, generally $\frac{1}{4}$ to $\frac{1}{2}$ of 1% per annum of the aggregate liability or commitment amount.

The \$35,000,000 Fairbanks North Star Borough Residential Mortgage Bond Program is administered by the Corporation, and the bonds are secured in substantially the same manner as bonds issued by the Corporation except that they are not secured by the faith and credit of the Corporation; they are a special obligation of the Fairbanks North Star Borough. Upon retirement of these bonds, all assets remaining in the program revert to the Corporation.

In connection with the issuance of the \$125,000,000 Floating Rate Notes (Notes) the Corporation entered into certain interest rate swap agreements. The terms of the agreements provide that other parties will pay to the Corporation an amount equal to the interest due on the Notes based upon their floating rate. In return, the Corporation will pay to those parties an amount equal to 8.795% of the outstanding principal balance of the Notes.

Financial covenants of the Home Owners Assistance Program (HOAP) bonds include maintaining a minimum fund equity, as defined in the agreement, of the greater of \$150,000,000 or 4% of total debt outstanding of the Corporation. At June 30, 1988 the greater figure amounted to \$163,000,000 and fund equity, as defined in the agreement, amounted to \$460,000,000.

In addition, a Liquid Fund Equity amount, as defined in the agreement, of at least 2% (\$82,000,000 at June 30, 1988) of the total debt outstanding of the Corporation, must be maintained. The Liquid Fund Equity amount amounted to \$133,400,000 at June 30, 1988.

6. Notes Payable to State of Alaska

Notes payable to the State of Alaska at June 30, 1987 consisted of a \$10,894,000 notes payable which originally required principal installments equal to 10% of the principal reduction on certain bonds, and interest equal to the interest received on the security secured by investments held in the Special Capital Reserve Fund and relating to certain Insured Mortgage Bonds. The notes plus accrued interest were paid in full on November 3, 1987.

Notes to Combined Financial Statements

7. Insurance Agreements

The Corporation has obtained private mortgage, credit insurance or guarantees on certain mortgages and loans which protect the Corporation to varying degrees against losses arising from the disposition of the related collateral obtained through foreclosure and the costs of obtaining title to, maintenance and liquidation of the collateral. The Corporation is contingently liable in the event the insurance companies or the guarantors are unable to meet their obligations under these agreements.

8. Commitments

At June 30, 1988 the Corporation had outstanding commitments to purchase first mortgage loans of approximately \$65,471,000. First mortgage loan purchases totaled \$200,737,000 and \$664,536,000 for the years ended June 30, 1988 and 1987, respectively.

9. Unused Letters of Credit and Other Credit Arrangements

The Corporation had unused letters of credit and similar credit enhancement agreements in the total amount of \$551,806,000 at June 30, 1988 in connection with amounts required for debt service or unpaid bond principal for certain bond issues.

In addition, the Corporation has entered into a revolving facility agreement with certain international banking institutions to make available funds in the maximum amount of \$150,000,000. At June 30, 1988, the facility was unused.

Certain debt obligations of the Home Owners Assistance Program (HOAP) are secured by a surety bond. This agreement unconditionally and irrevocably guarantees scheduled payments of principal and interest on the notes and bonds, any required payment by the Corporation of additional amounts on the floating rate notes, and payment of principal of the floating rate notes pursuant to the redemption at the option of the holder.

Certain letter of credit agreements contain covenants restricting amendment of terms, redemption of bonds or notes, except as defined under the agreements, setting the minimum combined fund equity of the Corporation, as defined in the agreement, and minimum Debt Service Reserve Fund balances.

Under the terms of the revolving facility agreement, the Corporation must maintain fund equity, as defined in the agreement, at a minimum of \$150,000,000. At June 30, 1988 and 1987, such fund equity, as defined in the agreement, amounted to \$460,000,000 and \$541,000,000, respectively.

10. Loss on Early Extinguishment of Debt

During the year ended June 30, 1988 the Corporation redeemed at par from amounts originally intended for the acquisition of mortgage securities \$50,000,000 Collateralized Bonds, 1985 First Series, and \$50,000,000 Collateralized Home Mortgage Bonds, 1986 Series B.

During the year ended June 30, 1987 the Corporation redeemed from amounts originally intended for the acquisition of mortgage securities \$218,280,000 Collateralized State Guaranteed Bonds, 1984 Second Series, and \$26,930,000 Collateralized Home Mortgage Bonds, 1985 Series B. These redemptions resulted in an extraordinary loss of \$8,134,000 representing an adjustment to the related unamortized bond discount and cost of issuance. This adjustment has been reflected in income for the year ended June 30, 1987.

The Corporation has also redeemed during the years ended June 30, 1988 and 1987 \$197,022,000 and \$687,020,000, respectively, of debt pursuant to provisions of the related agreements which permit surplus revenues, which result primarily from mortgage loan prepayments, to be used to retire the obligations at par. The accelerated amortization of related discounts and costs of issuance resulting from the surplus revenue redemptions are included in expense.

11. Legislation

Legislation authorizing the Corporation's further involvement in efforts to stabilize the housing market through programs to acquire and remove substandard public housing and to participate in a housing stabilization program was enacted at the 1988 legislative session. The legislation expressly authorizes the Corporation to (i) arrange for conveyances by borrowers of residential housing securing a mortgage loan financed by the Corporation for other residential housing owned by the Corporation, (ii) arrange for exchanges of ownership interests in condominium units ineligible for financing by the Corporation to units owned by the Corporation, (iii) demolish certain substandard residential housing owned by the Corporation, (iv) convert residential housing owned by the Corporation to other beneficial uses and (v) provide financing to promote the sale of residential housing owned by the Corporation so long as such financing does not confer a hardship on competing sellers of residential housing. The legislation also established a Stabilization Fund to permit grants by the Corporation to fund the cost of demolishing residential housing and stated a legislative intent that the Corporation transfer \$2.7 million from its unrestricted fund to that Stabilization Fund for the purpose of funding a grant to a State agency to cover costs of demolishing State owned residential housing.

Combining Balance Sheet — All Funds

June 30, 1988 (In Thousands)

	Revolving Fund			Combined Insurance Fund
	Corporation Operating	General Account	Home Ownership Fund	
Assets				
Cash	\$ 678	390	135	-
Investments	14,270	88,295	19,429	33,536
Securities purchased from other funds under agreements to resell	-	6,000	-	-
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	4,539	266,211	197	-
Mobile home loans, net of allowance for loan loss	3,121	23,613	47,224	-
Accrued interest receivable	74	3,268	566	143
Claims receivable	22,224	499	-	-
Due from other funds	59,469	78,748	5,014	-
Real estate owned	113	8,222	172	-
Mobile homes owned	676	2,158	7,666	-
Other assets	3,435	3,984	-	-
	\$ 108,599	481,388	80,403	33,679
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ -	-	-	-
Commercial paper	-	69,257	-	-
Securities sold to other funds under agreements to repurchase	-	-	-	-
Accrued interest payable	-	-	-	-
Insurance fund reserve for loan losses	-	-	-	11,738
Due to other funds	41,703	14,352	5,796	7,325
Accrued expenses and other liabilities	-	4,911	795	-
Total liabilities	41,703	88,520	6,591	19,563
Fund equity				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	-	189,990	103,381	11,758
interfund transfers representing loan subsidies and debt collateralization	-	(100,998)	-	-
Total contributed capital	-	88,992	103,381	11,758
Retained earnings				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	-	303,876	(29,569)	2,358
Undesignated	66,896	-	-	-
Total fund equity	66,896	302,868	73,812	14,116
Commitments	\$ 108,599	481,388	80,403	33,679

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
197	173	2,368	231	107	724	301	5,304
185,160	129,877	214,481	157,761	5,739	221,023	458,583	1,528,154
-	-	-	-	-	-	-	6,000
516,355	646,468	449,201	552,476	64,067	-	1,172,326	3,671,840
-	-	-	-	-	-	-	73,958
7,413	9,487	5,320	8,998	552	2,784	16,703	55,308
22,534	12,701	5	15,375	-	-	6,860	80,198
1	159	371	753	41	-	13,493	158,029
81,727	49,754	526	53,961	2,160	-	24,692	221,327
-	-	-	-	-	-	-	10,500
3,253	4,184	1,630	1,411	220	3,541	7,929	29,587
816,640	852,783	673,902	790,966	72,886	228,072	1,700,887	5,840,205

672,408	744,353	502,496	427,460	60,000	178,904	1,344,078	4,009,699
-	-	-	-	-	-	-	69,257
-	-	-	-	-	-	6,000	6,000
6,450	6,480	7,726	5,833	2,051	5,248	23,702	57,490
-	-	-	-	-	-	-	11,738
23,127	13,012	5,513	20,900	3,835	2,168	19,798	158,029
2,023	1,863	1,504	3,389	119	25	4,827	19,456
704,008	765,708	597,239	457,582	66,005	186,345	1,398,405	4,331,669

124,032	105,725	72,684	338,716	5,275	-	82,310	1,033,871
1,101	99	4,558	3	2,762	42,468	50,007	-
125,133	105,824	77,242	338,719	8,037	42,468	132,317	1,033,871
12,500	18,749	15,791	15,335	11,150	17,411	170,165	407,769
-	-	-	-	-	-	-	66,896
112,632	87,075	76,663	333,384	6,881	41,727	302,482	1,508,536
1,000	52,753	673,902	790,966	72,886	228,072	1,700,887	5,840,205

Combining Balance Sheet — Insurance Funds

June 30, 1986 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Assets					
Investments	\$27,910	451	691	4,484	33,536
Accrued interest receivable	115	2	2	24	143
	<u>\$28,025</u>	<u>453</u>	<u>693</u>	<u>4,508</u>	<u>33,679</u>
Liabilities and Fund Equity					
Liabilities					
Insurance fund reserved for loan losses	\$ 3,947	-	-	7,791	11,738
Due to other funds	7,785	-	-	40	7,825
Total liabilities	<u>11,732</u>	<u>-</u>	<u>-</u>	<u>7,831</u>	<u>19,563</u>
Fund equity					
Contributed capital					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	7,228	250	380	3,900	11,758
Total contributed capital	<u>7,228</u>	<u>250</u>	<u>380</u>	<u>3,900</u>	<u>11,758</u>
Retained earnings					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	9,065	203	313	(7,223)	2,358
Total fund equity	<u>16,293</u>	<u>453</u>	<u>693</u>	<u>(3,323)</u>	<u>14,116</u>
Commitments					
	<u>\$28,025</u>	<u>453</u>	<u>693</u>	<u>4,508</u>	<u>33,679</u>

Combining Balance Sheet -- Home Mortgage Bonds

June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Assets				
Cash	\$ 16	16	19	24
Investments	6,996	11,149	5,206	6,212
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	52,657	54,113	48,039	60,731
Accrued interest receivable	539	629	541	694
Claims receivable	2,963	2,485	3,803	4,639
Due from other funds	-	-	-	1
Real estate owned	10,566	9,695	12,619	16,076
Other assets	92	490	30	140
	\$ 73,829	78,577	70,257	88,567
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ 43,732	60,396	53,609	71,101
Accrued interest payable	440	598	494	603
Due to other funds	795	1,994	4,998	5,230
Accrued expenses and other liabilities	195	223	229	256
Total liabilities	45,162	63,211	59,330	77,240
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	24,942	19,000	13,643	14,436
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-
Total contributed capital	24,942	19,000	13,643	14,436
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	3,725	(3,634)	(2,716)	(3,109)
Total fund equity	28,667	15,366	10,927	11,327
Commitments	\$ 73,829	78,577	70,257	88,567

1983				Collateralized				Combined
First Series	Second Series	1984 Series A	1985 Series B	1986		1987		
				Series A	Series B	Series A	Series B	
25	35	14	13	9	-	-	26	197
4,491	8,542	4,385	7,178	3,207	-	71,530	56,264	185,160
47,535	75,913	60,688	65,113	51,516	-	-	-	516,355
514	916	956	1,047	445	-	446	686	7,413
2,707	5,517	16	404	-	-	-	-	22,534
-	-	-	-	-	-	-	-	1
9,942	20,612	164	1,995	58	-	-	-	81,727
78	298	308	133	162	-	-	-	3,253
65,292	111,833	66,531	75,883	55,397	-	72,510	57,964	816,640

53,852	103,025	55,456	65,512	48,822	-	67,000	49,903	672,408
451	830	505	1,519	349	-	324	337	6,450
3,247	1,734	1,557	2,221	441	-	594	266	23,127
260	376	186	166	119	-	-	13	2,023
57,810	105,965	57,704	69,418	49,731	-	67,918	50,519	704,008

9,818	9,955	10,025	7,871	6,934	5,058	3,350	-	124,032
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-	-	-	67	(1,338)	(5,058)	-	7,430	1,101
9,818	9,955	10,025	7,938	5,596	-	3,350	7,430	125,133

1,336	(4,087)	(1,198)	(1,473)	70	-	1,242	15	(12,501)
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7,452	5,568	8,827	6,465	5,666	-	4,592	7,445	112,632
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65,292	111,833	66,531	75,883	55,397	-	72,510	57,964	816,640
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Combining Balance Sheet – State Guaranteed Bonds

June 30, 1988 (In Thousands)

	1983			F- Sec
	First Series	Second Series	Third Series	
Assets				
Cash	\$ 8	32	11	
Investments	2,123	7,233	4,031	
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	31,630	75,065	49,609	5c
Accrued interest receivable	390	809	611	
Claims receivable	645	1,920	871	
Due from other funds	52	58	-	
Real estate owned	2,400	7,403	4,309	
Other assets	31	208	248	
	\$ 37,279	92,728	59,690	68
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ 35,094	88,164	54,197	58
Accrued interest payable	247	567	403	
Due to other funds	378	1,113	1,005	
Accrued expenses and other liabilities	111	370	118	
Total liabilities	35,830	90,234	55,723	60
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,031	2,492	5,034	8
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	
Total contributed capital	2,031	2,492	5,034	8
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(582)	2	(1,067)	17
Total fund equity	1,449	2,494	3,967	74
Commitments				
	\$ 37,279	92,728	59,690	68

Fifth Series	1983		1984		Collateralized		1985	1988	Combined
	Sixth Series	First Series	Second Series	First Series	Second Series	First Series	First Series		
22	22	32	16	-	3	-	10	173	
3,731	4,765	7,302	4,573	1,517	2,261	32,953	54,502	129,877	
29,262	46,628	84,677	45,049	72,126	78,228	78,160	-	646,468	
363	735	1,009	698	1,302	1,017	910	835	9,487	
921	1,133	2,702	2,164	941	315	11	-	12,701	
-	-	-	-	-	29	-	-	139	
3,005	5,157	8,979	7,016	4,571	1,811	41	-	49,754	
142	234	491	359	1,180	128	550	362	4,184	
37,446	58,674	105,192	59,875	81,637	83,792	112,625	55,709	852,783	

33,039	50,492	94,439	47,978	67,834	68,524	96,235	49,470	744,353
251	404	756	459	583	601	788	927	6,480
746	734	1,667	3,020	2,054	640	175	280	13,012
221	224	360	174	20	69	24	-	1,863
34,257	51,854	97,242	51,631	70,491	69,834	97,222	50,677	765,708
3,049	7,775	8,722	10,585	11,985	24,661	21,220	-	105,725
-	-	-	-	(109)	-	(4,964)	5,172	99
3,049	7,775	8,722	10,585	11,876	24,661	16,256	5,172	105,824
140	(955)	(772)	(2,341)	(730)	(10,703)	(853)	(140)	(18,749)
3,189	6,820	7,950	8,244	11,146	13,958	15,403	5,032	87,075
37,446	58,674	105,192	59,875	81,637	83,792	112,625	55,709	852,783

Combining Balance Sheet – Medium Term Notes and Secured Bonds

June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Assets						
Cash	\$ 2,318	10	14	8	18	2,368
Investments	17,558	55,142	47,059	49,498	45,224	214,481
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	96,502	74,706	84,637	97,103	96,253	449,201
Accrued interest receivable	912	1,082	1,081	1,166	1,079	5,320
Claims receivable	-	-	-	5	-	5
Due from other funds	-	43	-	82	246	371
Real estate owned	-	82	273	171	-	526
Other assets	306	232	570	359	163	1,630
	\$117,596	131,297	133,634	148,392	142,983	673,902
Liabilities and Fund Equity						
Liabilities						
Bonds and notes payable, net of discounts:						
Mortgage bonds and notes	\$ 98,700	117,729	116,566	124,780	124,721	582,496
Accrued interest payable	1,031	878	874	2,859	2,084	7,726
Due to other funds	1,168	817	1,048	1,027	1,453	5,513
Accrued expenses and other liabilities	350	408	286	365	95	1,504
Total liabilities	101,249	119,832	118,774	129,031	128,353	597,239
Fund equity:						
Contributed capital:						
Designated as security for outstanding obligations or other purposes allowed within the respective fund	14,124	12,488	15,884	19,536	10,652	72,684
Intertund transfers representing loan subsidies and debt collateralization	-	-	-	-	4,558	4,558
Total contributed capital	14,124	12,488	15,884	19,536	15,210	77,242
Retained earnings:						
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,223	(1,023)	(1,024)	(175)	(580)	579
Total fund equity	16,347	11,465	14,860	19,361	14,630	76,663
Commitments	\$117,596	131,297	133,634	148,392	142,983	673,902

Combining Balance Sheet – State Assisted Mortgage Program

June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series
Assets					
Cash	\$ 29	15	41	8	1
Investments	49,300	41,234	6,921	1,714	2,080
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	96,311	29,237	63,203	25,049	27,600
Accrued interest receivable	1,471	849	1,040	357	450
Claims receivable	1,344	986	4,183	1,007	1,440
Due from other funds	45	-	-	-	-
Real estate owned	4,810	4,507	13,684	3,430	4,780
Other assets	154	73	22	127	110
	\$153,464	76,901	89,094	31,692	36,496
Liabilities and Fund Equity					
Liabilities:					
Bonds and notes payable, net of discounts:					
Mortgage bonds and notes	\$ 59,117	30,380	3,052	16,659	24,561
Accrued interest payable	813	456	39	166	237
Due to other funds	631	528	5,260	1,540	1,888
Accrued expenses and other liabilities	394	179	563	90	178
Total liabilities	60,955	31,543	8,914	18,455	26,864
Fund equity:					
Contributed capital:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	86,592	55,166	77,653	13,403	10,842
Interfund transfers representing loan subsidies and debt collateralization	-	-	-	-	-
Total contributed capital	86,592	55,166	77,653	13,403	10,842
Retained earnings:					
Designated as security for outstanding obligations or other purposes allowed within the respective fund	5,917	(9,808)	2,527	(166)	(1,210)
Total fund equity	92,509	45,358	80,180	13,237	9,632
Commitments					
	\$153,464	76,901	89,094	31,692	36,496

State Assisted Mortgage Bonds

	Series I	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
3	13	21	19	14	28	-	15	15	231
0	2,171	3,422	3,235	3,030	4,457	19,675	14,895	5,621	157,761
3	27,174	45,462	42,928	31,073	37,733	33,627	43,901	49,175	552,476
9	359	657	606	623	592	722	700	563	8,998
0	1,167	1,378	1,101	1,531	1,229	-	-	9	15,375
-	-	-	-	-	-	708	-	-	753
2	3,835	4,917	4,340	5,126	4,421	-	-	109	53,961
3	116	130	177	115	46	247	83	8	1,411
6	34,835	55,987	52,406	41,512	48,506	54,979	59,594	55,500	790,966
1	24,135	39,582	31,584	23,115	29,740	49,691	49,312	46,532	427,460
7	230	358	305	250	307	453	1,250	969	5,833
3	1,705	2,367	1,582	1,824	2,549	480	319	227	20,900
3	183	269	212	163	310	8	420	420	3,389
4	26,253	42,576	33,683	25,352	32,906	50,632	51,301	48,148	457,582
1	9,646	14,051	17,826	17,664	16,310	5,663	7,967	5,933	338,716
	-	-	-	-	-	-	-	3	3
	9,646	14,051	17,826	17,664	16,310	5,663	7,967	5,936	338,719
	(1,064)	(640)	897	(1,504)	(710)	(1,316)	326	1,416	(5,335)
	5,582	13,411	18,723	16,160	15,600	4,347	8,293	7,352	333,384
	34,835	55,987	52,406	41,512	48,506	54,979	59,594	55,500	790,966

Combining Balance Sheet — Residential Mortgage Bonds

June 30, 1986 (In Thousands)

	Series A	Series B	Series C	Combined
Assets				
Cash	\$ 43	30	34	107
Investments	1,515	3,406	818	5,739
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	22,369	25,605	16,093	64,067
Accrued interest receivable	193	232	127	552
Due from other funds	41	-	-	41
Real estate owned	928	1,176	56	2,160
Other assets	111	57	52	220
	\$ 25,200	30,506	17,180	72,886
Liabilities and Fund Equity				
Liabilities:				
Bonds and notes payable, net of discounts:				
Mortgage bonds and notes	\$ 20,000	25,000	15,000	60,000
Accrued interest payable	582	1,075	394	2,051
Due to other funds	1,377	1,234	1,224	3,835
Accrued expenses and other liabilities	43	42	34	119
Total liabilities	22,002	27,351	16,652	66,005
Fund equity:				
Contributed capital:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	2,687	2,588	-	5,275
Interfund transfers representing loan subsidies and debt collateralization	1,116	1,081	565	2,762
Total contributed capital	3,803	3,669	565	8,037
Retained earnings:				
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(605)	(514)	(37)	(1,156)
Total fund equity	3,198	3,155	528	6,881
Commitments	\$ 25,200	30,506	17,180	72,886

Combining Balance Sheet — Home Owners' Assistance Program (HOAP)

June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1: Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Assets			
Cash	\$ -	724	724
Investments	131,089	89,934	221,023
Accrued interest receivable	2,105	679	2,784
Other assets	2,455	1,086	3,541
	\$ 135,649	92,423	228,072
Liabilities and Fund Equity			
Liabilities:			
Bonds and notes payable, net of discounts:			
Mortgage bonds and notes	\$ 107,354	71,550	178,904
Accrued interest payable	4,160	1,088	5,248
Due to other funds	1,904	264	2,168
Accrued expenses and other liabilities	25	-	25
Total liabilities	113,443	72,902	186,345
Fund equity:			
Contributed capital:			
Interfund transfers representing loan subsidies and debt collateralization	22,935	19,533	42,468
Total contributed capital	22,935	19,533	42,468
Retained earnings:			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(729)	(12)	(741)
Total fund equity	22,206	19,521	41,727
Commitments			
	\$ 135,649	92,423	228,072

Combining Balance Sheet — Other Bonds and Notes

June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Assets			
Cash	\$ 15	146	-
Investments	32,885	195,578	-
Mortgage loans and mortgage backed securities, net of discounts and allowance for loan losses	81,021	681,081	-
Accrued interest receivable	714	6,639	-
Claims receivable	-	-	-
Due from other funds	-	8,862	-
Real estate owned	2,273	19,705	-
Other assets	156	823	-
	\$117,064	912,834	-
Liabilities and Fund Equity			
Liabilities:			
Bonds and notes payable, net of discounts			
Mortgage bonds and notes	\$ 83,504	802,967	-
Securities sold to other funds under agreements to repurchase	-	-	-
Accrued interest payable	465	5,570	-
Due to other funds	374	4,923	-
Accrued expenses and other liabilities	182	1,825	-
Total liabilities	84,525	815,285	-
Fund equity:			
Contributed capital			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	(2)	(41,417)	-
Intertund transfers representing loan subsidies and debt collateralization	-	11,870	-
Total contributed capital	(2)	(29,547)	-
Retained earnings			
Designated as security for outstanding obligations or other purposes allowed within the respective fund	32,541	127,096	-
Total fund equity	32,539	97,549	-
Commitments			
	\$117,064	912,834	-

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
4	44	41	10	30	11	301
2,491	33,303	3,528	57,293	8,858	124,647	458,583
20,070	66,355	160,822	87,715	75,262	-	1,172,326
266	2,051	3,695	1,408	667	1,263	16,703
298	1,293	5,261	8	-	-	6,860
-	4,631	-	-	-	-	13,493
365	313	1,126	410	-	-	24,692
18	2,553	891	1,874	727	887	7,929
24,012	110,543	175,364	148,718	85,544	126,808	1,700,887

15,590	60,561	103,322	118,961	62,000	97,167	1,344,078
-	-	-	6,000	-	-	6,000
154	2,705	1,179	10,536	1,494	1,599	23,702
247	2,208	7,116	2,273	1,018	1,639	19,798
68	1,755	522	221	230	24	4,827
16,065	67,229	112,139	137,991	64,742	100,429	1,398,405

7,352	41,644	61,634	13,069	-	-	82,310
-	17,422	-	-	18,826	26,733	50,007
7,352	34,222	61,634	13,069	18,826	26,733	132,317
605	9,042	1,591	12,342	1,976	(354)	170,165
7,447	43,314	63,225	10,727	20,802	26,379	302,482
24,012	110,543	175,364	148,718	85,544	126,808	1,700,887

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings – All Funds

Year Ended June 30, 1988 (In Thousands)

	Revolving Fund			Combined Insurance Fund
	Corporation Operating	General Account	Home Ownership Fund	
Revenues:				
Interest income:				
Mortgages and loans	\$ 911	24,170	6,719	-
Investments	495	10,595	890	2,019
	1,406	34,765	7,609	2,019
Loan fees and other	1,496	469	33	200
Total revenues	2,902	35,234	7,642	2,219
Expenses:				
Interest	-	5,016	-	-
Mortgage service fees	105	1,075	726	-
General and administrative	5,537	238	-	-
Trustee fees, insurance and financing costs	349	792	13	29
Mortgage payment assistance subsidies	-	-	2,101	-
Provision for loan losses	982	7,085	11,982	-
Insurance fund losses	-	-	-	9,506
Write-down and net operating expenses associated with real estate and mobile homes owned	691	5,467	11,001	2,587
Interfund operating charge (credit)	(5,518)	-	142	-
Total expenses	2,146	19,673	25,965	12,122
Net income (loss)	756	15,561	(18,323)	(9,903)
Retained earnings (deficit) at July 1, 1987	66,140	284,987	(11,246)	12,261
Transfers from (to) other funds	-	3,328	-	-
Retained earnings (deficit) at June 30, 1988	\$ 66,896	303,876	(29,569)	2,358

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
47,371	56,612	38,108	57,486	5,370	-	117,175	353,922
16,436	16,716	22,263	11,560	716	5,094	31,134	117,918
63,807	73,328	60,371	69,046	6,086	5,094	148,309	471,840
9,784	5,693	11	6,751	-	-	769	25,206
73,591	79,021	60,382	75,797	6,086	5,094	149,078	497,046
70,196	78,394	52,000	59,176	5,491	5,543	126,234	402,050
1,796	2,178	1,566	2,033	212	-	4,361	14,052
-	-	-	-	-	-	330	6,105
2,542	2,527	2,198	2,368	106	292	2,634	13,850
-	-	-	-	-	-	-	2,101
4,521	2,927	495	6,301	691	-	1,636	36,620
-	-	-	-	-	-	-	9,506
2,082	1,715	106	1,054	197	-	462	25,362
933	1,035	696	948	103	-	1,611	-
82,070	88,826	57,061	71,880	6,800	5,835	137,268	509,646
(8,479)	(9,805)	3,321	3,917	(714)	(741)	11,810	(12,600)
(2,234)	(8,944)	(3,900)	(9,252)	(442)	-	159,895	487,265
(1,788)	-	-	-	-	-	(1,540)	-
(12,501)	(18,749)	(579)	(5,335)	(1,156)	(741)	170,165	474,665

Combining Statement of Revenues, Expenses, and Retained Earnings — Insurance Funds

Year Ended June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Revenues:					
Interest income:					
Investments	\$ 1,684	27	44	264	2,019
Loan fees and other:	-	-	-	200	200
Total revenues	1,684	27	44	464	2,219
Expenses:					
Trustee fees, insurance and financing costs	23	1	2	3	29
Insurance fund losses	5,902	-	-	3,604	9,506
Write-down and net operating expenses associated with real estate and mobile homes owned	2,587	-	-	-	2,587
Total expenses	8,512	1	2	3,607	12,122
Net income (loss)	(6,828)	26	42	(3,143)	(9,903)
Retained earnings (deficit) at July 1, 1987	15,893	177	271	(4,080)	12,261
Retained earnings (deficit) at June 30, 1988	\$ 9,065	203	313	(7,223)	2,358

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings — Home Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Revenues:				
Interest income:				
Mortgages and loans	\$ 4,914	4,844	4,195	5,270
Investment	542	1,349	351	391
	5,456	6,193	4,546	5,661
Loan fees and other	1,097	1,081	1,516	1,947
Total revenues	6,553	7,274	6,062	7,608
Expenses:				
Interest	5,868	7,683	6,357	7,688
Mortgage service fees	190	192	167	215
Trustee fees, insurance and financing costs	259	695	143	188
Provision for loan losses	83	128	102	1,888
Write-down and net operating expenses associated with real estate and mobile homes owned	101	73	96	156
Interfund operating charge (credit)	98	99	94	122
Total expenses	6,599	8,870	6,959	10,257
Net income (loss)	(46)	(1,596)	(897)	(2,649)
Retained earnings (deficit) at July 1, 1987	3,771	(2,038)	(1,819)	(460)
Transfers from (to) other funds	-	-	-	-
Retained earnings (deficit) at June 30, 1988	\$ 3,725	(3,634)	(2,716)	(3,109)

1983		Collateralized						Combined
First Series	Second Series	1984 Series A	1985 Series B	1986		1987		
				Series A	Series B	Series A	Series B	
4,269	6,709	6,999	6,833	3,378	-	-	-	47,371
285	557	451	381	1,774	2,660	5,119	2,456	16,436
4,554	7,266	7,450	7,214	5,232	2,660	5,119	2,456	63,807
1,252	2,499	3	389	-	-	-	-	9,784
5,806	9,765	7,453	7,603	5,232	2,660	5,119	2,456	73,591
5,747	10,620	7,044	6,703	4,223	1,981	3,931	2,351	70,196
171	266	221	239	135	-	-	-	1,796
249	397	184	141	109	28	59	90	2,542
126	1,352	1	677	164	-	-	-	4,521
78	222	868	480	8	-	-	-	2,082
89	152	94	105	80	-	-	-	933
6,460	13,009	8,412	8,345	4,719	2,009	3,990	2,441	82,070
(654)	(3,244)	(959)	(742)	513	651	1,129	15	(8,479)
(682)	(843)	(239)	(731)	(443)	1,137	113	-	(2,234)
-	-	-	-	-	(1,788)	-	-	(1,788)
(1,355)	(4,087)	(1,198)	(1,473)	70	-	1,242	15	(12,501)

Combining Statement of Revenues, Expenses, and Retained Earnings — State Guaranteed Bonds

Year Ended June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	Fourth Series
Revenues				
Interest income:				
Mortgages and loans	\$ 2,669	6,518	4,378	5,520
Investments	190	511	344	413
	2,859	7,029	4,722	5,933
Loan fees and other	287	787	549	443
Total revenues	3,146	7,816	5,271	6,376
Expenses				
Interest	3,201	7,718	5,344	6,286
Mortgage service fees	112	277	180	203
Trustee fees, insurance and financing costs	101	367	248	256
Provision for loan losses	62	74	101	45
Write-down and net operating expenses associated with real estate and mobile homes owned	23	140	29	124
Interfund operating charge (credit)	53	128	84	95
Total expenses	3,552	8,704	5,986	7,009
Net income (loss)	(406)	(888)	(715)	(633)
Retained earnings (deficit) at July 1, 1987	(176)	890	(352)	(115)
Retained earnings (deficit) at June 30, 1988	\$ (582)	2	(1,067)	(748)

Fifth Series	1983 Sixth Series	Collateralized						Combined
		1984		1984		1985	1988	
		First Series	Second Series	First Series	Second Series	First Series	First Series	
2,736	+300	7,693	4,756	7,536	7,760	2,746	-	56,612
200	332	599	420	601	451	11,746	909	16,716
2,936	+632	8,292	5,176	8,137	8,211	14,492	909	73,328
351	515	1,010	704	792	244	11	-	5,693
3,287	5,147	9,302	5,880	8,929	8,455	14,503	909	79,021
3,301	5,329	9,797	6,164	8,067	8,125	14,124	938	78,394
109	162	304	161	262	293	115	-	2,178
155	247	411	254	155	142	80	111	2,527
12	61	72	100	1,473	533	394	-	2,927
17	88	94	60	736	368	36	-	1,715
50	80	145	81	122	125	122	-	1,085
3,644	5,967	10,823	6,820	10,815	9,586	14,871	1,049	88,826
(357)	(820)	(1,521)	(940)	(1,886)	(1,131)	(368)	(140)	(9,805)
497	(135)	749	(1,401)	1,156	(9,572)	(485)	-	(8,944)
140	(955)	(772)	(2,341)	(730)	(10,703)	(853)	(140)	(18,749)

Combining Statement of Revenues, Expenses, and Retained Earnings — Medium Term Notes and Secured Bonds

Year Ended June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Revenues:						
Interest income:						
Mortgages and loans	\$ 9,231	7,311	8,436	8,590	4,540	38,108
Investments	1,373	5,305	4,676	3,686	7,223	22,263
	10,604	12,616	13,112	12,276	11,763	60,371
Loan fees and other	-	-	-	11	-	11
Total revenues	10,604	12,616	13,112	12,287	11,763	60,382
Expenses						
Interest	8,471	11,405	11,410	10,268	10,446	52,000
Mortgage service fees	371	286	327	372	210	1,566
Trustee fees, insurance and financing costs	614	448	464	395	277	2,198
Provision for loan losses	9	31	95	248	112	495
Write-down and net operating expenses associated with real estate and mobile homes owned	21	18	22	45	-	106
Interfund operating charge (credit)	149	116	131	151	149	696
Total expenses	9,631	12,304	12,449	11,479	11,194	57,061
Net income (loss)	969	312	663	808	569	3,321
Retained earnings (deficit) at July 1, 1987	1,254	(1,335)	(1,587)	(983)	(1,149)	(3,900)
Retained earnings (deficit) at June 30, 1988	\$ 2,223	(1,023)	(1,024)	(175)	(580)	(579)

Combining Statement of Revenues, Expenses, and Retained Earnings – State Assisted Mortgage Program

Year Ended June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Revenues					
Interest income:					
Mortgages and loans	\$ 10,094	3,504	6,755	2,402	2,541
Investments	3,289	2,990	649	185	223
	13,383	6,554	7,404	2,587	2,764
Loan fees and other	418	607	1,904	453	613
Total revenues	13,801	7,161	9,308	3,040	3,382
Expenses					
Interest	9,793	6,946	2,575	2,374	3,175
Mortgage service fees	362	103	237	88	96
Trustee fees, insurance, and financing costs	60	102	252	125	178
Provision for loan losses	2,657	31	2,904	40	180
Write-down and net operating expenses associated with real estate and mobile homes owned	65	10	91	19	49
Interfund operating charge (credit)	161	52	124	44	51
Total expenses	13,098	7,244	6,183	2,690	3,729
Net income (loss)	703	(83)	3,125	350	(347)
Retained earnings (deficit) at July 1, 1987	5,214	(9,725)	(598)	(516)	(863)
Retained earnings (deficit) at June 30, 1988	\$ 5,917	(9,808)	2,527	(166)	(1,210)

State Assisted Mortgage Bonds

Series I	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
2,682	4,503	4,322	3,221	3,999	3,899	4,809	4,695	57,486
212	316	308	281	294	1,423	782	608	11,560
2,894	4,819	4,630	3,502	4,293	5,322	5,591	5,303	69,046
415	547	603	626	539	1	-	20	6,751
3,309	5,366	5,233	4,128	4,832	5,323	5,591	5,323	75,797
3,112	4,806	4,180	3,499	4,082	5,484	5,060	4,090	59,176
101	164	156	110	137	125	169	185	2,033
209	321	255	166	214	134	167	185	2,368
125	106	100	91	52	1	1	13	6,301
56	133	27	47	34	319	116	88	1,054
48	78	73	56	65	52	68	76	948
3,651	5,608	4,791	3,969	4,584	6,115	5,581	4,637	71,880
(342)	(242)	442	159	248	(792)	10	686	3,917
(722)	(398)	455	(1,663)	(958)	(524)	316	730	(9,252)
(1,064)	(640)	897	(1,504)	(710)	(1,316)	326	1,416	(5,335)

Combining Statement of Revenues, Expenses, and Retained Earnings — Residential Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Revenues:				
Interest income:				
Mortgages and loans				
Investments	\$2,053	2,280	1,037	5,370
Total revenues	240	180	296	716
	2,293	2,460	1,333	6,086
Expenses:				
Interest				
Mortgage service fees	2,109	2,180	1,202	5,491
Trustee fees, insurance and financing costs	81	90	41	212
Provision for loan losses	56	25	25	136
Write-down and net operating expenses associated with real estate and mobile homes owned	178	489	24	691
Interfund operating charge (credit)	126	71	-	197
Total expenses	36	42	25	103
Net income (loss)	2,586	2,897	1,317	6,800
Retained earnings (deficit) at July 1, 1987	(293)	(437)	16	(714)
Retained earnings (deficit) at June 30, 1988	(312)	(77)	(53)	(442)
	\$ (605)	(514)	(37)	(1,156)

Combining Statement of Revenues, Expenses, and Retained Earnings — Home Owners' Assistance Program (HOAP)

Year Ended June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1: Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Revenues			
Interest income:			
Investments	\$4,280	814	5,094
Total revenues	4,280	814	5,094
Expenses:			
Interest	4,759	784	5,543
Trustee fees :insurance and financing costs	250	42	292
Total expenses	5,009	826	5,835
Net income (loss)	(729)	(12)	(741)
Retained earnings (deficit) at July 1, 1987	-	-	-
Retained earnings (deficit) at June 30, 1988	\$ (729)	(12)	(741)

Combining Statement of Revenues, Expenses, Transfers, and Retained Earnings — Other Bonds and Notes

Year Ended June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Revenues:			
Interest income:			
Mortgages and loans	\$ 7,099	64,248	33
Investments	1,936	16,199	3
	9,035	80,447	41
Loan fees and other	150	456	-
Total revenues	9,185	80,903	41
Expenses:			
Interest	5,684	71,278	65
Mortgage service fees	296	2,507	4
General and administrative	-	-	-
Trustee fees, insurance and financing costs	38	419	5
Provision for loan losses	787	-	-
Write-down and net operating expenses associated with real estate and mobile homes owned	327	-	-
Interfund operating charge (credit)	131	1,091	-
Total expenses	7,263	75,295	74
Net income (loss)	1,922	5,608	(33)
Retained earnings (deficit) at July 1, 1987	30,619	121,488	1,573
Transfers from (to) other funds	-	-	(1,540)
Retained earnings (deficit) at June 30, 1988	\$ 32,541	127,096	-

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
2014	7,725	21,133	8,104	6,819	-	117,175
212	2,603	439	3,939	266	5,532	31,134
2226	10,328	21,572	12,043	7,085	5,532	148,309
118	11	10	24	-	-	769
2344	10,339	21,582	12,067	7,085	5,532	149,078
2102	8,733	17,767	11,060	3,830	5,715	126,234
74	237	578	337	328	-	4,361
-	330	-	-	-	-	330
90	622	444	606	239	171	2,634
4	-	-	250	595	-	1,636
7	-	112	16	-	-	462
32	103	-	137	117	-	1,611
2309	10,025	18,901	12,406	5,109	5,886	137,268
35	314	2,681	(339)	1,976	(354)	11,810
530	8,778	(1,090)	(2,003)	-	-	159,895
-	-	-	-	-	-	(1,540)
565	9,092	1,591	(2,342)	1,976	(354)	170,165

Combining Statement of Changes in Financial Position — All Funds

Year Ended June 30, 1988 (In Thousands)

	Revolving Fund			Combined Insurance Fund
	Corporation Operating	General Account	Home Ownership Fund	
Sources of financial resources:				
Operations				
Net income (loss)	\$ 756	15,561	(18,323)	(9,903)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	-	399	-	-
Depreciation	80	-	-	-
Decrease (increase) in accrued interest receivable	60	(291)	115	57
Increase in claims receivable	(16,975)	(29)	-	-
Increase (decrease) in accrued interest payable	-	-	-	-
Net increase (decrease) in accrued expenses and other receivable	15,134	(14,962)	(1,567)	5,940
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	917	9,123	13,422	6,153
Financial resources provided (used) by operations	(28)	9,801	(6,353)	2,247
Transfer of subsidy from (to) other funds and debt collateralization	-	(97,671)	-	-
Mortgages sold to (purchased from) other funds	3,420	259,743	4,633	-
Mortgage and loan principal repayments	1,677	26,651	14,571	-
Increase in commercial paper and securities sold under agreements to repurchase	-	64,284	-	-
Net proceeds from sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	803	36	(76)	-
Total sources of financial resources	\$ 5,872	262,844	12,775	2,247
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 5,695	30,933	12,775	2,247
Acquisition of loans	-	231,911	-	-
Payment of mortgage bonds and notes	-	-	-	-
Equipment purchases	177	-	-	-
Payment of State of Alaska notes	-	-	-	-
Total uses of financial resources	\$ 5,872	262,844	12,775	2,247

Combined Home Mortgage Bond	Combined State Guaranteed Bond	Combined Medium Term Note and Secured Bond	Combined State Assisted Mortgage Bond	Combined Residential Mortgage Bond	Combined Homeowners Assistance Programs (HOAP)	Combined Other Bonds and Notes	Combined
(8,479)	(9,805)	3,321	3,917	(714)	(741)	11,810	(12,600)
5,724	2,218	2,063	1,494	84	436	4,377	16,795
-	-	-	-	-	-	-	80
2,578	486	(861)	1,081	(100)	(2,784)	(1,236)	(895)
(14,283)	(7,164)	(5)	(8,790)	-	-	(4,032)	(51,278)
(91)	(32)	(101)	(777)	(61)	5,248	1,726	5,912
(2,694)	(943)	267	(10,356)	2,482	(1,411)	1,704	(6,408)
6,133	4,119	573	7,326	856	-	6,069	54,691
6,297	(11,112)	(11,123)	5,257	(6,105)	2,547	748	20,418
(686)	99	4,558	3	2,762	42,468	48,467	-
(24,260)	(79,011)	(91,322)	576	-	-	(73,779)	-
74,067	87,177	17,428	93,551	2,250	-	131,076	448,448
-	-	-	-	-	-	6,000	70,284
49,900	49,470	-	-	-	178,531	157,567	435,468
1,388	1,609	(614)	1,921	(102)	(724)	511	4,752
89,297	48,221	(64,693)	89,946	7,457	221,023	290,260	965,249
(13,062)	(69,194)	(80,107)	24,762	(11,667)	221,023	153,766	377,171
-	-	-	-	14,124	-	3,855	249,890
102,359	117,415	15,414	65,184	5,000	-	121,745	427,117
-	-	-	-	-	-	-	177
-	-	-	-	-	-	10,894	10,894
89,297	48,221	(64,693)	89,946	7,457	221,023	290,260	965,249

Combining Statement of Changes in Financial Position — Insurance Funds

Year Ended June 30, 1988 (In Thousands)

	State Mortgage Insurance	Rural Housing Hazard Insurance	Rural Housing Title Insurance	Rental Program Insurance Fund	Combined
Sources of financial resources:					
Operations:					
Net income (loss)	\$ (6,828)	26	42	(3,143)	(9,903)
Items which do not use (provide) cash:					
Decrease (increase) in accrued interest receivable	76	2	3	(24)	57
Net increase in accrued expenses and other receivable	5,940	-	-	-	5,940
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	2,549	-	-	3,604	6,153
Financial resources provided by operations	1,737	28	45	437	2,247
Total sources of financial resources	\$ 1,737	28	45	437	2,247
Uses of financial resources:					
Increase in investments and securities purchased from other funds under agreements to resell	\$ 1,737	28	45	437	2,247
Total uses of financial resources	\$ 1,737	28	45	437	2,247

Combining Statement of Changes in Financial Position — Home Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	1981		1982	
	First Series	Second Series	First Series	Second Series
Sources of financial resources:				
Operations:				
Net income (loss)	\$ (46)	(1,596)	(897)	(2,049)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	232	161	1,007	1,241
Decrease (increase) in accrued interest receivable	338	331	379	533
Decrease (increase) in claims receivable	(1,831)	(1,541)	(2,304)	(3,061)
Increase (decrease) in accrued interest payable	(76)	(77)	(36)	(32)
Net increase (decrease) in accrued expenses and other receivables	267	809	(2,409)	(1,737)
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	306	249	285	228
Financial resources provided (used) by operations	(810)	(1,664)	(3,975)	(3,424)
Transfer of subsidy from (to) other funds and debt collateralization	-	-	-	-
Mortgages sold to (purchased from) other funds	-	-	-	-
Mortgage and loan principal repayments	7,071	6,536	9,784	10,453
Net proceeds from sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	(7)	(6)	(9)	(15)
Total sources of financial resources	\$ 6,254	4,866	5,800	7,014
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ (1,831)	(3,019)	1,289	2,511
Payment of mortgage bonds	8,085	7,885	4,511	4,503
Total uses of financial resources	\$ 6,254	4,866	5,800	7,014

1983		Collateralized						1987		Combined
First Series	Second Series	1984 Series A	1985 Series B	1986		Series A	Series B	Series A	Series B	
(654)	(3,244)	(959)	(742)	513	651	1,129	15			(8,479)
246	2,165	280	339	28	-	-	25			5,724
352	618	57	(117)	(167)	1,273	(333)	(686)			2,578
(1,787)	(3,893)	394	(260)	-	-	-	-			(14,283)
(23)	(58)	(78)	(156)	-	(216)	324	337			(91)
(1,453)	874	556	472	110	488	60	(731)			(2,694)
232	1,806	1	810	163	-	-	-			6,133
(3,087)	(1,732)	251	346	647	2,196	1,180	(1,040)			(11,112)
-	-	-	67	(1,337)	(6,846)	-	7,430			(686)
-	-	96	630	(24,986)	-	-	-			(24,260)
7,875	13,813	10,502	7,291	742	-	-	-			74,067
-	-	-	-	-	-	-	49,900			49,900
(18)	(24)	1,052	391	50	-	-	(26)			1,388
4,770	12,057	11,901	8,725	(24,884)	(4,650)	1,180	56,264			89,297
1,785	3,467	3,141	1,685	(24,884)	(54,650)	1,180	56,264			(13,062)
2,985	8,590	8,760	7,040	-	50,000	-	-			102,359
4,770	12,057	11,901	8,725	(24,884)	(4,650)	1,180	56,264			89,297

Combining Statement of Changes in Financial Position — State Guaranteed Bonds

Year Ended June 30, 1988 (In Thousands)

	1983			
	First Series	Second Series	Third Series	Fourth Series
Sources of financial resources:				
Operations:				
Net loss	\$ (406)	(888)	(715)	(633)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	132	290	235	224
Decrease (increase) in accrued interest receivable	35	277	105	60
Increase in claims receivable	(396)	(1,321)	(424)	(513)
Increase (decrease) in accrued interest payable	(18)	(54)	(39)	(54)
Net increase (decrease) in accrued expenses and other receivables	108	431	(31)	173
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	114	241	141	160
Financial resources used by operations	(431)	(1,024)	(728)	(583)
Transfer of subsidy from (to) other funds and debt collateralization	-	-	-	-
Mortgages sold to (purchased from) other funds	-	-	-	-
Mortgage and loan principal repayments	3,614	11,704	7,233	7,977
Net proceeds from the sale of mortgage bonds	-	-	-	-
Decrease (increase) in cash	(5)	(19)	-	(6)
Total sources of financial resources	\$ 3,178	10,661	6,505	7,388
Uses of financial resources:				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 588	2,340	1,173	527
Payment of mortgage bonds	2,590	8,321	5,332	6,791
Total uses of financial resources	\$ 3,178	10,661	6,505	7,388

1983		1984		Collateralized				Combined
Fifth Series	Sixth Series	First Series	Second Series	1984	1985	1988		
				First Series	Second Series	First Series	First Series	
(357)	(820)	(1,521)	(940)	(1,886)	(1,131)	(368)	(140)	(9,805)
145	211	158	171	169	350	119	14	2,218
112	31	352	167	36	(124)	270	(835)	486
(511)	(663)	(1,690)	(1,066)	(404)	(165)	(11)	-	(7,164)
(22)	(39)	(79)	(70)	(106)	(66)	(412)	927	(32)
336	245	559	(2,315)	116	(122)	(349)	(96)	(945)
13	144	274	207	1,838	578	409	-	4,119
(284)	(891)	(1,947)	(3,846)	(237)	(680)	(342)	(130)	(11,123)
-	-	-	-	(109)	-	(4,964)	5,172	99
-	-	-	345	14	97	(79,467)	-	(79,011)
5,065	7,275	13,635	11,695	10,796	7,326	857	-	87,177
(17)	(14)	(16)	(6)	855	847	-	49,470	49,470
4,764	6,370	11,672	8,188	11,319	7,590	(83,916)	(10)	1,609
							54,502	48,221
1,910	1,593	1,749	1,051	(1,010)	116	(133,803)	54,502	(69,194)
2,854	4,777	9,923	7,137	12,329	7,474	49,887	-	117,415
4,764	6,370	11,672	8,188	11,319	7,590	(83,916)	54,502	48,221

Combining Statement of Changes in Financial Position — Medium Term Notes and Secured Bonds

Year Ended June 30, 1988 (In Thousands)

	Secured Bonds 1986-A	Medium Term Notes 1986-1 and Secured Bonds 1986-B	Medium Term Notes 1986-2 and Secured Bonds 1986-C	Medium Term Notes 1986-3 and Secured Bonds 1986-D	Medium Term Notes 1986-4 and Secured Bonds 1986-E	Combined
Sources of financial resources:						
Operations:						
Net income	\$ 969	312	663	808	569	3,321
Items which do not use (provide) cash:						
Net amortization of discounts, premiums and bond issuance costs	180	431	380	582	490	2,063
Increase in accrued interest receivable	(96)	(15)	(10)	(110)	(630)	(861)
Increase in claims receivable	-	-	-	(5)	-	(5)
Decrease in accrued interest payable	-	(46)	(55)	-	-	(101)
Net increase (decrease) in accrued expenses and other receivables	393	92	(193)	(86)	61	267
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	9	31	72	349	112	573
Financial resources provided by operations	1,455	805	857	1,538	602	5,257
Transfer of subsidy from other funds and debt collateralization	-	-	-	-	4,558	4,558
Mortgages sold to (purchased from) other funds	966	1,659	1,571	2,480	(97,998)	(91,322)
Mortgage and loan principal repayments	5,326	4,368	3,950	2,152	1,632	17,428
Decrease (increase) in cash	(764)	(2)	15	155	(18)	(614)
Total sources of financial resources	\$ 6,983	6,830	6,393	6,325	(91,224)	(64,693)
Uses of financial resources:						
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 6,983	(384)	(1,807)	6,325	(91,224)	(80,107)
Payment of mortgage bonds	-	7,214	8,200	-	-	15,414
Total uses of financial resources	\$ 6,983	6,830	6,393	6,325	(91,224)	(64,693)

Combining Statement of Changes in Financial Position — State Assisted Mortgage Program

Year Ended June 30, 1988 (In Thousands)

	Series A	Series D&E	Series F	Series H	Series I
Sources of financial resources:					
Operations:					
Net income (loss)	\$ 703	(83)	3,125	350	(347)
Items which do not use (provide) cash:					
Net amortization of discounts, premiums and bond issuance costs	48	294	264	133	85
Decrease (increase) in accrued interest receivable	(151)	119	591	73	144
Decrease (increase) in claims receivable	(562)	(536)	(2,309)	(601)	(992)
Decrease in accrued interest payable	-	(152)	(246)	(36)	(36)
Net increase (decrease) in accrued expenses and other receivables	368	172	(3,588)	(607)	(540)
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	2,747	30	3,143	48	302
Financial resources provided (used) by operations	3,153	(156)	980	(640)	(1,384)
Transfer of subsidy from other funds and debt collateralization	-	-	-	-	-
Mortgages sold to other funds	-	-	-	-	-
Mortgage and loan principal repayments	9,493	6,884	18,171	4,687	5,321
Decrease (increase) in cash	(14)	(7)	(20)	(5)	(7)
Total sources of financial resources	\$ 12,632	6,721	19,131	4,042	3,930
Uses of financial resources:					
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 12,632	(3,556)	(191)	288	163
Payment of mortgage bonds	-	10,277	19,322	3,754	3,767
Total uses of financial resources	\$ 12,632	6,721	19,131	4,042	3,930

State Assisted Mortgage Bonds

	Series J	Series K	Series L	Series M	Series N	Series O	Series P	Series Q	Combined
147)	(342)	(242)	442	159	248	(792)	10	686	3,917
35	70	162	119	94	67	41	37	80	1,494
44	150	68	115	166	105	(94)	(119)	(86)	1,081
92)	(604)	(846)	(742)	(1,022)	(678)	70	12	20	(8,790)
36)	(39)	(49)	(54)	(53)	(50)	-	-	(62)	(777)
40)	(1,162)	(1,417)	(1,661)	(1,407)	(1,491)	272	508	197	(10,356)
22	197	364	154	197	131	1	-	12	7,326
34)	(1,730)	(1,960)	(1,627)	(1,866)	(1,668)	(502)	448	847	(6,105)
-	-	-	-	-	-	-	-	3	3
1	5,769	7,788	7,184	6,660	7,250	5,235	233	343	576
7)	(5)	(11)	(13)	(6)	(19)	949	6,153	2,956	93,551
0)	4,034	5,817	5,544	4,788	5,563	5,682	689	390	1,921
							7,523	4,539	89,946
	(94)	333	(58)	(171)	672	5,682	7,523	1,539	24,762
	4,128	5,484	5,602	4,959	4,891	-	-	3,000	65,184
	4,034	5,817	5,544	4,788	5,563	5,682	7,523	4,539	89,946

Combining Statement of Changes in Financial Position -- Residential Mortgage Bonds

Year Ended June 30, 1988 (In Thousands)

	Series A	Series B	Series C	Combined
Sources of financial resources				
Operations				
Net income (loss)	\$ (293)	(437)	16	(714)
Items which do not use (provide) cash:				
Net amortization of discounts, premiums and bond issuance costs	42	24	18	84
Decrease (increase) in accrued interest receivable	3	(20)	(83)	(100)
Increase (decrease) in accrued interest payable	(110)	-	49	(61)
Net increase in accrued expenses and other receivables	1,242	102	1,138	2,482
Net increase in allowance for loan losses and write-down of real estate and mobile homes owned	309	484	63	856
Financial resources provided by operations	1,193	153	1,201	2,547
Transfer of subsidy from other funds and debt collateralization	1,116	1,081	565	2,762
Mortgage and loan principal repayments	1,247	509	494	2,250
Increase in cash	(41)	(27)	(34)	(102)
Total sources of financial resources	\$ 3,515	1,716	2,226	7,457
Uses of financial resources				
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ (1,485)	1,716	(11,898)	(11,667)
Acquisition of loans	-	-	14,124	14,124
Payment of mortgage bonds	5,000	-	-	5,000
Total uses of financial resources	\$ 3,515	1,716	2,226	7,457

Combining Statement of Changes in Financial Position — Home Owners' Assistance Program (HOAP)

Year Ended June 30, 1988 (In Thousands)

	Medium Term Notes, Floating Rate Notes, Z Bonds, Series 1988-1, Secured Bonds, Series F&G	Collateralized Mortgage Obligations Series 1988-1	Combined
Sources of financial resources:			
Operations:			
Net loss	\$ (729)	(12)	(741)
Items which do not use (provide) cash:			
Net amortization of discounts, premiums and bond issuance costs	407	29	436
Increase in accrued interest receivable	(2,105)	(679)	(2,784)
Increase in accrued interest payable	4,160	1,088	5,248
Net decrease in accrued expenses and other receivables	(579)	(832)	(1,411)
Financial resources provided (used) by operations	1,154	(406)	748
Transfer of subsidy from other funds and debt collateralization	22,935	19,533	42,468
Net proceeds from sale of mortgage bonds	107,000	71,531	178,531
Increase in cash	-	(724)	(724)
Total sources of financial resources	\$ 131,089	89,934	221,023
Uses of financial resources:			
Increase in investments and securities purchased from other funds under agreements to resell	\$ 131,089	89,934	221,023
Total uses of financial resources	\$ 131,089	89,934	221,023

Combining Statement of Changes in Financial Position — Other Bonds and Notes

Year Ended June 30, 1988 (In Thousands)

	Housing Mortgage Bond	Insured Mortgage Bond	Insured Rural Mortgage Bond
Sources of financial resources:			
Operations:			
Net income (loss)	\$ 1,922	5,608	(33)
Items which do not use (provide) cash:			
Net amortization of discounts, premiums and bond issuance costs	2	1,730	5
Decrease (increase) in accrued interest receivable	11	666	50
Increase in claims receivable	-	-	-
Increase (decrease) in accrued interest payable	6	(698)	(33)
Net increase (decrease) in accrued expenses and other receivables	140	(5,780)	(23)
Net increase in allowance for loan losses and write- down of real estate and mobile homes owned	899	4,325	-
Financial resources provided (used) by operations	2,980	5,853	(34)
Transfer of subsidy from (to) other funds and debt collateralization	-	11,870	(1,540)
Mortgages sold to (purchased from) other funds	-	(1,871)	4,403
Mortgage and loan principal repayments	6,937	57,494	51
Increase in commercial paper and securities sold under agreements to repurchase	-	-	-
Net proceeds from sale of mortgage bonds	-	-	-
Decrease (increase) in cash	(4)	(40)	1
Total sources of financial resources	\$ 9,913	73,306	2,911
Uses of financial resources:			
Increase (decrease) in investments and securities purchased from other funds under agreements to resell	\$ 7,098	18,996	(2,324)
Acquisition of loans	-	3,855	-
Payment of mortgage bonds and notes	2,815	39,561	5,235
Payment of State of Alaska notes	-	10,894	-
Total uses of financial resources	\$ 9,913	73,306	2,911

Fairbanks North Star Borough Residential Mortgage Bond	Overseas Finance Series E-1	FNMA Notes	Floating Rate Notes 1986-A	Mortgage Backed Bonds Series 1987-1	Medium Term Notes Floating Rate Notes Z Bonds Series 1987-1	Combined
35	314	2,681	(339)	1,976	(354)	11,810
95	481	178	207	28	1,651	4,377
58	35	64	(192)	(667)	(1,263)	(1,236)
(167)	(684)	(3,173)	(8)	-	-	(4,032)
(35)	(691)	81	-	1,494	1,599	1,726
(1)	2,467	2,602	1,078	496	725	1,704
3	-	-	249	593	-	6,069
(12)	1,922	2,436	995	3,920	2,358	20,418
-	(7,422)	-	-	18,826	26,733	48,467
-	-	189	2,319	(78,819)	-	(73,779)
2,517	14,173	44,034	2,879	2,961	-	131,076
-	-	-	6,000	-	-	6,000
-	-	-	-	62,000	95,567	157,567
(2)	588	4	5	(30)	(11)	511
2,503	9,261	46,663	12,198	8,858	124,647	290,260
(1,039)	(6,049)	(2,619)	6,198	8,858	124,647	153,766
-	-	-	-	-	-	3,855
3,542	15,310	49,282	6,000	-	-	121,745
-	-	-	-	-	-	10,894
2,503	9,261	46,663	12,198	8,858	124,647	290,260

Senator Rick Uehling


Downtown, Elmendorf, Northeast Anchorage



MEMORANDUM

Co-Chairman, Senate Finance Committee
International Trade & Tourism Committee
State Affairs Committee

To: Senator Arliss Sturgulewski
Chairman, Senate Rules Committee

From: Senator Rick Uehling
Co-Chairman, Senate Finance Committee 

Re: SCR 28, Establishing a Housing Finance Task Force

Date: March 30, 1989

This resolution will create a Task Force to assist the legislature in reviewing the operations and structures of Alaska's residential finance programs.

Our state currently has dozens of active programs designed to assist Alaskans seeking the best possible home purchase financing. These programs exist under a variety of agencies, public corporations and authorities.

The Task Force will specifically examine the need for continued state home loan subsidies. Subsidy rates have been established over the years without a comprehensive legislative or administrative policy. A thorough review of all state programs offering below market rates for home loans is overdue. The Task Force will also explore the possibilities of combining, restructuring, privatizing or eliminating specific programs and entire agencies.

As an example of the complexity of the issue, I have attached excerpts from recent annual reports of the Alaska Housing Finance Corporation, Alaska State Building Authority and DCRA's Housing Assistance Loan Program. I do not doubt that these reports are appropriate for CPAs or the managers of these programs, but they are not useful oversight tools for the legislature.

The Task Force will be able to focus its attention during the interim on the complex situation that has developed over the last 15 years. It will have, in addition to six legislative members, the necessary administrative expertise to support a concentrated review of these home loan functions. A report will be generated and should assist this legislature during the second session.

Please call my office if there is additional information I can provide for you. Thank you for your consideration.

attachments

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CS SCR 28 FINa
PUBLISH DATE: 4/20/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
Title: Establishing Housing Finance
Task Force BRU: _____
Sponsor: Uehling and Sturqulewski Components: _____
Requester: Senate Rules

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

The Alaska State Building Authority, named in SCR 28 to participate on the Task Force, is not subject to the Executive Budget Act.

Prepared by: Ray Price, Executive Director Phone: 562-2813
Division: Alaska State Building Authority Date: 4-7-89
Approved by Commissioner: Larry Merculieff Phone: 465-2500
Agency: Department of Commerce & Economic Development Date: 4/10/89

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requester
Office of Management and Budget
Impacted Agencies)

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate. *mw* SFC: 4/20/89

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Establishing a Housing Finance Task force...
 Sponsor: Sen Uehling & Sen Sturculewski
 Requestor: _____

Agency Affected: Community & Regional Affairs
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal analysis assumes the following: (1) all task force proceedings will be held in Anchorage and there will be no travel required of the department. (2) no additional staff resources will be required of the department.

Prepared by: Jim Plasman, Deputy Director

Division: Municipal & Regional Assistance

Phone: 465-4750

Date: 4/6/89

Approved by Commissioner: David G. Bellman

Agency: Community & Regional Affairs

Date: 4-6-89

Distribution (by preparer):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Changes in the CS (Fin) have no fiscal effect. This fiscal note is appropriate. *W* SFC: 4/20/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Estab Housing Finance Task Force
to review residential finance programs
Sponsor: Uehling, Sturgulewski
Requestor: Senator Uehling

Agency Affected: Department of Revenue
BRU: Alaska Housing Finance Corporation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page for analysis.

Prepared By: Margaret Nelson
Division: Alaska Housing Finance Corporation

Phone: 561-1900
Date: April 6, 1989

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 4/6/89

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Changes in the CS (Fin) have no
fiscal effect. This fiscal note
is appropriate. *mm* SFC: 4/20/89

SCR

29

HOUSE COMMITTEE REPORT

(7)

Date Referred: January 31, 1990

FURTHER REFERRALS:

Date of Committee Action: 4/29/90

FINANCE

The LABOR & COMMERCE Committee considered:

SCR 29

SENATE CONCURRENT RES. NO. 29 VENTURE CAPITAL INVESTMENTS BY STATE
 Relating to the investment of the state's public trust funds.

RECOMMENDATIONS:

- be replaced with _____ the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): _____ APPROVES PREVIOUS: _____ (Date/Dept)
 (Dept)

- fiscal impact _____ fiscal note(s) _____
- zero fiscal note Dept. Rec. zero fiscal note(s) _____
- zero with analysis _____ zero fn/analysis _____

SIGNING DO PASS:

SIGNING:
 (Check approp. column)

Do Not
Pass
No Rec
Amend

<u>Dave Donley</u> Donley			
<u>Mark Bayer</u> Bayer			
<u>Carl Finkelstein</u> Finkelstein			
<u>Andrew D. Lemmon</u> Lemmon			
<u>Chris Collins</u> Collins			
<u>Bob Boucher</u> Boucher			
<u>Mark Greenberg</u> Greenberg			

Dave Donley
 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Investment of State Public BRU: Treasury
Trust Funds
 Sponsor: Senate Banking & Economic Dev. Components: _____
 Requestor: House Labor & Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: attach a separate page for analysis. Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: April 9, 1990

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 4/9/90

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)



**ANCHORAGE
ECONOMIC
DEVELOPMENT
CORPORATION**

**ENCOURAGING VENTURE CAPITAL FUNDS
TO PURSUE ALASKA OPPORTUNITIES**

Purpose: Use Alaska's tremendous financial clout to encourage large venture capital funds to actively search out Alaska opportunities.

Need: The collapse of Alaska real estate values and financial institutions has destroyed much of Alaska's wealth that was previously available to finance new ventures. At the same time, Alaska public retirement funds and the Alaska Permanent Fund prefer to maintain their nationwide diversification policies. There exists a need to somehow address Alaska's need for investment capital without compromising the integrity of its important public trust funds.

Structure: This proposal envisions nothing more than a resolution of the legislature. It will encourage the managers of Alaska's public trust funds to invest a small portion of their portfolios in large, stable, high-grade venture capital funds on the condition that the venture capitalists actively pursue viable Alaska opportunities. This will diversify and enhance the portfolios of our public trust funds while greatly improving Alaska entrepreneurs' access to equity capital.

Cost: No appropriation will be required. The public trust funds will benefit from the generally attractive returns from high-grade venture capital funds.

550 West 7th Avenue
Suite 850
Anchorage, AK 99501
Telephone (907) 258-3700



Patrick M. Rodey
Senator

Alaska State Legislature



Senate

3111 C. St., Suite 510
Anchorage, Alaska 99503
(907) 561-7618

During Ses
P.O. Box
Juneau, Alask
(907) 465-

DATE: March 31, 1989

TO: Members of the Special Committee
on Banking and Economic Development

FROM: Senator Rodey, Chair *Pat*

SUBJECT: Introduction of legislation on investment
of the state's public trust funds

Please find attached a copy of draft legislation that I would like to introduce on Monday, April 3.

Because of the lack of available investment capital for the formation of new businesses I felt it was necessary to address this issue through a resolution.

The purpose of this legislation is to encourage the managers of the state's trust funds to consider placing a portion of their investments into venture capital funds.

If you have any comments on this legislative please feel free to contact my legislative aide, Mark Begich at 465-3793.

Rodey MEMO re: SCR-29

MINUTES
VENTURE CAPITAL WORKING GROUP

March 30, 1989

Present: Jack Jessee, ComRim Systems, Chair, Alaska Industrial Development and Export Authority (AIDEA); Larry Mercurieff, Commissioner, Department of Commerce and Economic Development (DCED); Jim Rhode, Special Assistant, Department of Revenue; Dave Rose, Executive Director, Alaska Permanent Fund Corporation; Dave Van Amberg, Apple Computer; and Bert Wagon, Executive Director, AIDEA. Staff: Kelley Hegarty, Assistant Commissioner, DCED; Elaine Wurster, DCED, AIDEA. Guest: Jim Baldwin, Assistant Attorney General.

The meeting was called to order by Larry Mercurieff. Mercurieff explained that the meeting would be divided into two parts, with the group going into executive session to discuss the respondents to the Request for Proposals (RFP). Jim Baldwin concurred, noting the sensitivity of discussions involving personalities and reputations.

Mercurieff noted the need for the group to address some very fundamental questions, as outlined in the agenda, not necessarily for the purpose of drawing immediate conclusions, but for the purpose of setting some general parameters for subsequent refinement by the selected consultant.

Mercurieff first posed the basic question of whether AIDEA monies could actually be utilized in this type of investment. Bert Wagon replied that, given the conservatism of AIDEA's investment strategy, it was unclear to him. Wagon noted that 80% of the portfolio was placed in Governments or Government equivalents going out no more than 24 months. With the change in Title 37 and the consequent elimination of an approved list of investments, the emphasis now is on prudence and operating in the best interest of the fund.

Jim Baldwin noted that in interpreting the new law, it was decided early on to look at ERISA, which has strict requirements for diversification, for a model. The Attorney General's office will be rendering an opinion soon, and it is expected that their interpretation will permit AIDEA to make venture capital investments, but the opinion will be rendered in such a way that other funds are not affected. Because AIDEA is charged with industrial and commercial development, the requirement for diversification is discretionary. Unlike the retirement funds or the Permanent Fund, economic development is more consistent with the overall goals of the agency. Baldwin added that their research indicates that at least twelve states are doing social investing with their retirement funds and other surplus funds, usually keeping such investments within 2-3% of available funds.

MINUTES: 3-30-89
VENT. CAPITAL WORKING GROUP

Jim Rhode cautioned that the pension funds at one point were 40% invested in Alaska real estate, a single kind of real estate in a single economy, which generated massive portfolio losses, and that the Permanent Fund is still viewed by some as a development bank. Mercurieff pointed out that we are not looking at other funds, only AIDEA.

A discussion ensued as to whether we are talking about strictly Alaskan investments and to what extent the monies would be invested in Alaskan projects. Dave Van Amberg emphasized that our objective is to make venture capital available here, not to mandate that it be invested here. Social issues would be a by-product, Van Amberg added, noting that we are not looking to set policy.

Dave Rose noted that trust considerations should not enter the picture; AIDEA has no beneficiaries, and its monies should not be managed as a trust. The prudent man rule, Rose asserted, speaks to trust law, not to a fund whose primary mission is economic development. Rose advocated that AIDEA not attempt to run a venture capital fund, but rather to deal with seasoned national and international professionals. Rose cautioned that socially engineering the fund through the RFP will tie the hands of venture capitalists and result in limited response from seasoned professionals.

Rhode noted that HB123 would recast AIDEA'S role by allowing it to take equity positions. Wagon noted that, while joint ventures and equity positions would be permitted, AIDEA was not looking at involvement in every type of project, but more specifically basic industry. HB123 seeks to place emphasis on what the name indicates, instead of strictly acting as an in-state correspondent, Wagon added.

Jack Jessee pointed out that, in retrospect, ARRC doesn't look so bad if one compares its performance with the high default rates of other state loan programs. Rose concurred, emphasizing that AIDEA's purpose is economic development, not return on investment.

Wagon cited the Authority's role as a passive investor. With a social goal of in-state investment, Mercurieff added. Mercurieff further observed that, politically and socially, AIDEA's is the only money that can fund venture capital.

Van Amberg averred that the objective of the fund should have capitalistic motivations; while encouraging development, the fund manager should not be measured on the number of jobs created. Jessee disagreed, citing the comparison between returns on the Permanent Fund and AIDEA portfolios. Wagon suggested that we move on to the proposals, setting the issue aside for the consultants.

Mercurieff reported that an outside venture capital firm is looking seriously at establishing a \$30-50 million Alaska fund, with a specific interest in primary industry. Apart from this group's efforts, we may end up with an Alaska-based fund. And we may not.

Jessee again raised the basic policy issue, noting that it had to be resolved by this group. Jessee made a strong pitch for economic development objectives, resulting in further discussion around the venture capitalists' response to such constraints. Rose asked rhetorically why we were hiring someone who would simply ask the same questions we had not yet answered. Mercurieff wondered whether it was possible to achieve consensus within the group.

In response to Rose's concurrence with Jessee's economic development objectives, Wagnon noted that farming was economic development, but farming provided no return on investment. Rose stated that it would be necessary to establish sensible parameters. Wagnon advised that, without definite parameters, the result would be another ARRC. Wagnon suggested that, in addition to farming, perhaps service sector investments could be eliminated from consideration. Jessee noted that, without a reasonable rate of return, the fund would die. Van Amberg cited the need to provide a structure that would ensure a return to the fund manager.

Rose questioned whether it was within the purview of this group to make these decisions: if we give guidance to the consultant, then why not do it in-house? Van Amberg noted that the attraction of other funds was critical to success, and the consultant would be able to provide advice that would not tie the venture capitalist's hands. Jessee concurred, citing the role of the consultant as buffer and a test with reality. Rose added that this would provide assurance that we don't have too much social engineering. Wagnon cautioned that fund investments in New Mexico would generate public flak. Van Amberg suggested that we not stipulate what percentage of the monies be invested in Alaska, maybe skewing it with a back-end bonus for successful Alaska investments, in essence paying for performance. This would assure that we achieve our bottom line objective of making money available in Alaska.

Mercurieff suggested a break, after which the group reconvened in executive session to discuss the proposals. After executive session, the group voted to retain Callan Associates for the purpose of providing venture capital advisory services, including drawing up a Request for Proposals and recruiting and screening respondents to same. The group also voted to retain Donald Vogt for the purpose of providing advisory services regarding goals and objectives for the proposed venture capital investment.

The meeting was adjourned.

0565F

SCR

53

Alaska State Legislature

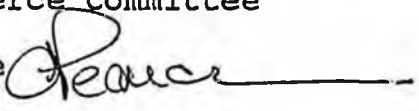
3111 C Street, Suite 150
Anchorage, Alaska 99503
(907) 561-2038

During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-4993

Senator Drue Pearce
District G

MEMORANDUM

TO: Representative Dave Donley, Chair
House Labor & Commerce Committee

FROM: Senator Drue Pearce 

DATE: April 5, 1990

RE: SCR 53 Relating to small businesses
in the state

After reading the November, 1989, Governor's Conference on Small Business Final Report to Governor Cowper, I felt it was important for the legislature to recognize the group's efforts and to encourage the governor to implement their final recommendations.

Senate Concurrent Resolution 53 requests the governor to hold a small business conference every other year; to appoint a small business person to state boards and commissions that are pertinent to small business issues; to designate the Division of Business Development as the coordinating agency with other state agencies for small business issues; and, to the extent possible, to implement the group's recommendations.

DP:tej

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Small businesses in the state
 Sponsor: Pearce et al.
 Requestor: Senate Labor & Commerce

Agency Affected: Commerce & Economic Dev.
 BRU: Business Development
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		100		105		110
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL		0		0		0
REVENUE		0		0		0

FUNDING: (Thousands of Dollars)

GENERAL FUND		100		105		110
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME		0		0		0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Grant would be awarded on the basis of a 50-50 match with funds from private industry.

Prepared by: Jamie Parsons, Director
 Division: Business Development

Phone: 465-2017
 Date: 2/16/90

Approved by Commissioner: Larry Merz
 Agency: Department of Commerce & Economic Development

Date: 20 Feb 90

Distribution (by preparer):

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- Legislative Sponsor
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Alaska State Legislature

3111 C Street, Suite 150
Anchorage, Alaska 99503
(907) 561-2038



During Session:
P.O. Box V
Juneau, Alaska 99811
(907) 465-4993

Senator Drue Pearce
District G

MEMORANDUM

TO: Representative Dave Donley, Chair
House Labor & Commerce Committee

FROM: Senator Drue Pearce *Pearce*

DATE: March 21, 1990

RE: Scheduling request for SCR 53

Attached is a copy of SCR 53 relating to small businesses. I would appreciate your scheduling SCR 53 in your committee as soon as possible.

After reading the November, 1989, Governor's Conference on Small Business Final Report to Governor Cowper, I felt it was important for the legislature in a resolution to recognize the group's efforts and encourage the governor to implement their final recommendations.

The resolution requests the governor to hold a small business conference every other year; to appoint a small business person to state boards and commissions that are pertinent to small business issues; to designate Division of Business Development as the coordinating agency with other state agencies for small business issues; and, to the extent possible, to implement the group's recommendations.

If you have any questions, please call me or Tally Johnson of my staff.

Thank you.

Attachment

DP:tej

GOVERNOR'S CONFERENCE ON SMALL BUSINESS

**FINAL REPORT
TO
GOVERNOR STEVE COWPER**

NOVEMBER, 1989

FINAL REPORT

This document highlights the top twenty problem statements and recommendations on economic impediments commonly faced by Alaskan small businesses. It also gives a brief history of the Governor's Conference on Small Business, and outlines the process implemented by the Steering Committee on the Governor's Conference on Small Business to achieve its end results.

FINAL REPORT
GOVERNOR'S CONFERENCE
ON
SMALL BUSINESS
NOVEMBER, 1989

STEERING COMMITTEE
JACK JESSEE, CHAIRMAN

IRENE ANDERSON, NOME
BILL BLACHMAN, ANCHORAGE
WALLY CARLO, FAIRBANKS
VERN CRAIG, ANCHORAGE
GEORGE EASLEY, ANCHORAGE
ERNIE HALL, ANCHORAGE
DENNIS HANOSKI, HOMER
ANCHORAGE
GARY JENKINS, JUNEAU

BRITT LIVELY, PALMER
WALTER NAYOKPUK, SHISHMAREF
ERNIE POLLEY, JUNEAU
ROSIE PORTER, BETHEL
EARL ROMANS, FAIRBANKS
BILL SYKES, ANCHORAGE
FRANK THOMAS-MEARS,
AL WILLIAMS, ANCHORAGE

REGIONAL COORDINATORS

C.L. CHESHIRE, KETCHIKAN
ELLEN GREENBERG, DILLINGHAM

STEPHANIE MADSEN
DUTCH HARBOR
FRAN TATE, BARROW

STAFF

VIRGINIA A. SAMSON, EXECUTIVE DIRECTOR
CAROL WILSON, ASSISTANT DIRECTOR (MARCH 6-MAY 31, 1989)
SYLVIA THOMAS, ASSISTANT (AUGUST 30-SEPTEMBER 15, 1989)
EUGENIA POTYLICKI, ASSSISTANT (SEPTEMBER 14-OCTOBER 6, 1989)

PO BOX 240288
ANCHORAGE, AK 99524
(907)562-1135

THIS PROJECT IS FUNDED IN PART BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, DIVISION OF BUSINESS DEVELOPMENT, THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS ON BEHALF OF THE STATE JOB TRAINING COORDINATING COUNCIL AND BY PRIVATE SECTOR DONATIONS.

TABLE OF CONTENTS

INTRODUCTION	1
DONORS.	3
LIST OF PROBLEMS	5
EXECUTIVE SUMMARY	6
TOP 20 PROBLEMS AND RECOMMENDATIONS	13
RESOLUTIONS	29

APPENDICES

- A State Conference Agenda
- B Rules
- C List of Delegates
- D Steering Committee Members and Regional Coordinators

INTRODUCTION

BACKGROUND

In January, 1989, Governor Steve Cowper, in response to his campaign pledge and recommendations of Alaskan delegates to the 1986 White House Conference on Small Business, named a statewide task force of small business persons to plan and implement the Governor's Conference on Small Business.

This task force, known as the Steering Committee for the Governor's Conference on Small Business, generally utilized the format of the White House Conference on Small Business as its model.

To facilitate the Conference, the Steering Committee formed the Small Business Consortium, Inc. which had three purposes:

- 1) Spotlight the economic role of small business in Alaska;
- 2) Establish and maintain a channel of communication for small businesses to positively influence government to support small business issues; and
- 3) Network small business entrepreneurs throughout Alaska to promote opportunities for economic activities.

PROCESS

The goal was to clearly define and seek solutions to the top twenty economic impediments faced by small business entrepreneurs in twelve broad categories¹:

Economic Policy	International Trade
Education/Training	Payroll Costs/Benefits
Environment/Waste	Procurement
Finance	Regulation/Paperwork
Government Competition	Taxation
Insurance/Bonding	Transportation/Marketing

To accomplish this goal and to achieve a result which was fair, open and accurately reflected the voice of the small business person, the Steering Committee implemented the following multi-level process:

¹ At both the regional and statewide conferences, these twelve categories were used to organize separate issue sessions which were run by a moderator, resource person and session recorder.

- 1) It conducted a series of thirteen regional conferences to define the top twenty-four problems in each region of the state; this resulted in 297 problem statements statewide. The conference locations were:

Anchorage	Barrow	Bethel
Dillingham	Dutch Harbor	Fairbanks
Juneau	Kenai Peninsula	Ketchikan
Kodiak	Kotzebue	Mat-Su
Nome		

- 2) It asked the participants from each region to elect delegates to represent their region at the state conference. The delegates had to qualify as a small business² and had to be certified by the Conference Rules committee. A total of 99 delegates were selected statewide.
- 3) The delegates were asked to meet with themselves and other small businesses in their communities to refine the problem statements they had identified and propose recommend solutions. These revisions were forwarded to the Conference office for compilation.
- 4) Through a process of combining similar issues, the Steering Committee compiled a Briefing Book of 156 problem statements and proposed recommendations which formed the basis of the statewide conference and distributed the Book to all delegates.
- 5) It conducted a statewide conference at which regional delegates a) debated, refined and revised each problem statement; b) prioritized the problem statements; c) debated, refined and revised proposed recommendations to each problem statement; and d) through a series of two general voting sessions arrived at the top twenty problem statements and recommendations for small businesses statewide.

At the end of the conference, the Steering Committee also conducted a resolution session to address issues which were not raised in the issue sessions.

2 A small business was defined as having 100 or fewer employees and \$10,000,000 or less in gross annual revenues; the delegate had to be an owner, officer, employee or partner of a qualifying small business.

**PUBLIC AND PRIVATE
DONORS**

DONORS

PRIVATE SECTOR SPONSORS

Large and small businesses and organizations have joined together to sponsor the 1989 Governor's Conference on Small Business. We are pleased to present this list of sponsors and thank them for their support.

INVESTOR (\$5000 +)
National Bank of Alaska
Pacific Telecom, Inc.

PARTNER (\$2500-\$4999)
Totem Ocean Trailer Express

BACKER (\$1000-\$2499)
Arco Alaska, Inc.
Alagco, Inc.
MarkAir
Cook Inlet Region, Inc.
Fairbanks Sand & Gravel Co.
Alaska Airlines
Arctic Alaska Fisheries Corp.
Harbor Enterprises, Inc.

BOOSTER (\$999 or less)
Tesoro Alaska, Inc.
Foss Maritime
Petersburg Ins. Ctr.
Wrangell Ins. Ctr.
Alaska Pulp Corp.
MAPCO
Ak. State Chamber
Dawson Construction Comp.
Ernst & Whinney
Fireman's Fund Insurance
Homer Electric Assoc.
Alaska Window

IN-KIND

Providing accounting services for the Conference were Alicia George and Richard Baker from the firm of Cooper's & Lybrand.

Assisting with legal needs were Tony Smith and John Steiner of Davis, Wright & Jones.

Tony Bloomfield of The Bloomfield Company donated a portion of the office rent.

Jack Jessee, Chairman of COMRIM, INC. donated xerox services, FAX, computer and some office furniture.

Planus owner Vern Craig donated the use of a computer and printer.

The Xerox Company, through Jackie Rosen, donated the use of a Xerox 1075 copier during the State Conference.

Bill Wood of Wood & Associates helped with training for moderators and resource people for both the Regional and State Conferences.

PUBLIC SECTOR GRANTS

The Steering Committee of the Governor's Conference on Small Business has worked in a public/private partnership with the Department of Commerce & Economic Development to put on this conference. Our thanks to the Commissioner Larry Mercurieff, Assistant Commissioner Jane Angvik, Director of Business Development, Tom Lawson, and Development Officer Jim Wiedeman for their help and support.

The Department of Community and Regional Affairs Job Training Partnership Office has been supporting the promotion of small business interests in Alaska as a means of increasing job opportunities and training for economically disadvantaged people who are served under the federal Job Training Partnership Act (JTPA). The Steering Committee is pleased to thank Commissioner David Hoffman, Director of Rural Development Mike Harper, JTPA Program Coordinator William Mailer, the Alaska State Job Training Coordinating Council, and Rural Development Division Grants Administrator Jim Gurke for their support.

LIST OF TOP 20 PROBLEMS GOVERNOR'S CONFERENCE ON SMALL BUSINESS

The top 20 small business priorities of the 1989 Governor's Conference on Small Business are:

- 1A. Alaska lacks a statewide long term economic development policy for human and natural resources.
- 1B. There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste.
- 1C. Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate and encourages lawsuits. This system also is also unfair to small businesses, which must compete with big businesses which can self-insure.
- 4A. Small businesses require better access to loans in the \$10,000 to \$100,000 range.
- 4B. Regulations are often difficult to read, hard to understand and contrary to legislative intent.
- 4C. Small businesses need better access to equity capital.
7. The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business.
8. Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem.
9. There is a lack of networking between the education sector and the small business sector on such issues as what programs are needed.
10. The State does not have a transportation policy.
11. Small businesses can be put out of business by over-regulation.
12. There is inconsistency of bidding and contracting procedures between state-funded agencies.
13. The cost of health and other insurance/bonding is prohibitive for most small businesses.
14. The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses.
15. Curriculum is lacking on basic skills and general business education in the schools.
16. There is an inadequate effort by the state to market both the natural and human resources of Alaska and to attract business to Alaska.
17. There is a lack of State government assistance to small businesses concerning international trade.
18. There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state.
19. Small businesses have a hard time competing with wages and benefits offered by local and state governments.
20. The required use of Davis-Bacon wages causes conflicts and problems to small businesses.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY OF TOP 20 PROBLEMS

(Note that the top 3 problems tied for first place and the the next 3 problems tied for fourth place.)

1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a statewide long-term economic development policy for human and natural resources. (93 votes)

RECOMMENDATIONS

1. Establish a statewide economic development planning process involving public and private sectors.
2. Increase the budget for business development.
3. Draft a statewide fisheries economic policy.
4. Develop more infrastructure.
5. Increase local hire.
6. Emphasize renewable resource development.

1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste. (93 votes)

RECOMMENDATIONS

1. Construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the state.
2. Develop lower liability insurance rates.
3. Develop better technology to deal with solid and hazardous wastes.
4. Educate small business owners about all aspects of hazardous wastes and their effect on business.
5. Assist with underground storage tank construction.
6. Develop a policy on recycling and waste reduction.
7. The state should protect public wells and water systems.

1C. PROBLEM: INSURANCE AND BONDING

Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate, and encourages lawsuits. This system also unfairly causes small businesses to compete with big businesses who can self-insure. (93 votes)

RECOMMENDATIONS

1. Develop an insurance pool specifically for small businesses.
2. Assure a safe work environment for small business employees.
3. Develop appropriate job classifications.
4. Have reasonable rates.
5. Change the classification system.

4A. PROBLEM: FINANCE

Small businesses require better access to loans in the \$10,000 to \$100,000 range. (92 votes)

RECOMMENDATIONS

1. State guaranteed loan program should be simplified and require less paperwork.
2. Get financial information out to small business people.
3. Provide incentives to banks to make more loans in rural areas.
4. Change the Alaska Industrial & Export Authority to allow greater flexibility for smaller loans.

4B. PROBLEM: REGULATION/PAPERWORK

Regulations are often difficult to read and hard to understand and contrary to legislative intent. (92 votes)

RECOMMENDATIONS

1. A Constitutional amendment allowing the legislature to repeal regulations should be presented to the voters.
2. There should be a sunset date on regulations.
3. Establish a Regulatory Review Commission with small business people as members specifically to review regulations as to their impact on small business.
4. Issue regulations within 90 days of passage of new laws.
5. Simplify forms, combine like forms, etc.
6. Coordinate federal, state, and local agencies to decrease duplication of services.
7. Use common sense in regulations.
8. The Ombudsman's office should deal with regulatory problems of small business.
9. Provide a clearinghouse to eliminate duplication and simplify regulations.

4C. PROBLEM: FINANCE

Small businesses need better access to equity capital. (92 votes)

RECOMMENDATIONS

1. The State should encourage investments in Alaska using state funds and the Permanent Fund as incentives.
2. Support the Science & Technology Foundation.
3. The State should implement an investment network.

7. PROBLEM: PAYROLL COSTS/BENEFITS

The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business. (91 votes)

RECOMMENDATIONS

1. Discourage mandated benefits.
2. The State should increase the deductible for state employees health insurance.
3. The State should take an active role in coordinating a group insuring pool for health care for its citizens.

8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR

Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem. (89 votes)

RECOMMENDATIONS

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government.
2. Income producing enterprises such as utilities and corrections should be privatized.
3. Stop government contracts with non-profits where the service could be provided by a for-profit business.
4. Stop government services that could be provided by the private sector - the State should not act as a surrogate business.

9. PROBLEM: EDUCATION/TRAINING

There is a lack of networking between the education sector and the small business sector as to what programs are needed, etc. (88 votes)

RECOMMENDATIONS

1. Provide funding and/or tax credits for an apprentice training program.
2. The Job Training Partnership Act (JTPA) program should be expanded.

10. PROBLEM: TRANSPORTATION/MARKETING

The state does not have a transportation policy. (87 votes)

RECOMMENDATIONS

1. Develop a transportation policy that includes highways, ports, airports, barge service and rail.

2. Establish one commission each for the Department of Transportation and Public Facilities, the Alaska Marine Highway System, and airports similar to the Alaska Rail Road to set policy and long range goals.
3. Provide year-round marine highway service to coastal communities.
4. Encourage more airline competition.
5. Expand the infrastructure at airports and ports.
6. Expand the ground transportation system.
7. Develop deep water port facilities throughout coastal regions.

11. PROBLEM: REGULATIONS/PAPERWORK

Small businesses can be put out of business by over-regulation. Helping businesses overcome regulatory problems does not seem to be the government's attitude. There is also inconsistent application of regulations. (86 votes)

RECOMMENDATIONS

1. Regulators should attempt to help businesses resolve problems.
2. The Ombudsman's office should assist small businesses with regulatory problems.
3. There should be a fixed time for agencies to decide permits.
4. An appeal process for regulatory decisions is needed.
5. The Governor's office should have people with authority to assist small businesses in resolving problems with agencies over regulations.

12. PROBLEM: PROCUREMENT

There is inconsistency of bidding and contracting procedures between state-funded agencies. (84 votes)

RECOMMENDATIONS

1. Stop advertising for services and products out of state.
2. Charge a handling fee for all out-of-state bid packets.
3. The State should adopt uniform bidding and contracting procedures.

13. PROBLEM: INSURANCE/BONDING

The cost of health and other insurance/bonding is prohibitive for most small businesses. (79 votes)

RECOMMENDATIONS

1. Organize and set up pools for self-insurance.
2. Enact risk pooling legislation.
3. Explore measures to help reduce health cost-shifting created by uncompensated care.
4. Discourage mandated insurance/benefits coverage.
5. Tort reform where appropriate.
6. Increase bond requirements to \$50,000 for a general contractors license.

7. Eliminate any requirement for bonding where no reason for bonding exists.
8. Small state and local construction projects (less than \$100,000) should allow exemption of contract bonding requirements.
9. Streamline the bonding process to reduce time and cost to small business.
10. Divide large State-funded jobs into phases in order that more Alaskan businesses can qualify for bonding.

14. PROBLEM: ECONOMIC POLICY

The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. (77 votes)

RECOMMENDATIONS

1. Establish a data base on regional basis for use statewide.
2. The State should develop a system to disseminate information relevant to small businesses in a timely manner.

15. PROBLEM: EDUCATION/TRAINING

Curriculum on basic skills and general business education is lacking in the school systems. (75 votes)

RECOMMENDATIONS

1. Hold a statewide conference on the development of the workforce within the next year.
2. Need training for employees on how to be employees.
3. Offer entrepreneurship courses in the schools.

16. PROBLEM: TRANSPORTATION/MARKETING

There is an inadequate effort by the state to market both natural and human resources of Alaska and to attract business to Alaska. (73 votes)

RECOMMENDATIONS

1. Provide sufficient funding for the Department of Commerce & Economic Development to develop a marketing plan.
2. Encourage better southbound freight rates.
3. Mount a major marketing effort to overcome the negative impact of the Prince William Sound oil spill.
4. The State should have a central place to distribute marketing information.
5. The Governor should name a task force to evaluate the competence of existing agencies to do marketing.
6. The State should more aggressively educate small businesses about available programs.

7. Where appropriate, the State should spend state dollars with Alaska film companies and talent.
8. Seek repeal of Jones Act.

17. PROBLEM: INTERNATIONAL TRADE

There is a lack of state government assistance to small businesses concerning international trade. (71 votes)

RECOMMENDATIONS

1. Implement a foreign trade information system.
2. There should be a central place for information on importing and exporting.
3. Regional customs offices are needed.
4. Increase funding and personnel for the existing State office on international trade.
5. Distribute more information on European trade.
6. The State should encourage more export trade of natural resources.
7. The State should include the private sector more in the international trade development process.
8. The State and Congressional delegation should be more forceful in getting high seas piracy stopped.
9. Enforce 200 mile limit.
10. Develop foreign trade zones.

18. PROBLEM: ECONOMIC POLICY

There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state. (66 votes)

RECOMMENDATIONS

1. Seek cooperative ventures between public and private sector for developments.
2. Market Alaska as a year round destination.
3. Increase the state tourism marketing budget.

19. PROBLEM: PAYROLL COSTS/BENEFITS

Small businesses have a hard time competing with wages and benefits offered by local and state governments. (65 votes)

RECOMMENDATIONS

1. Put wage/benefit increases out for public vote.
2. Allow comp time as substitute for overtime pay.

3. Lengthen vesting requirements for retirement and health benefits for state employees.
4. The State should raise its deductible on health coverage and reduce the level of health coverage.

20. PROBLEM: PAYROLL COSTS/BENEFITS

The required use of Davis-Bacon wages causes conflicts and problems to small businesses. (64 votes)

RECOMMENDATIONS

1. Employees should not be allowed to collect back wages when they knowingly accept less than the prevailing wage.
2. The State should add more crafts/job classifications to reflect actual work being performed.
3. The State should require uniform interpretation for Dept. of Labor rules to be the same in all regions of the state.
4. The Department of Labor should modify the current Davis-Bacon system and average the wages from all sources of employment to determine current prevailing wages.

**TOP 20
PROBLEMS AND RECOMMENDATIONS**

TOP 20 PROBLEMS AND RECOMMENDATIONS 1,2

1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a long term economic development policy for both human and natural resources.

RECOMMENDATIONS

1. The State should establish and implement a statewide economic development planning process involving both the public and private sectors that will develop central and regional economic development plans for the highest and best use of resources. This process should:
 - a. Ensure the sustained future economic welfare of the entire state;
 - b. Help keep Alaska's wealth in the state;
 - c. Be all-inclusive for development of renewable and non-renewable resources; and
 - d. Serve as a guide to the Administration and Legislature.

The economic development plans produced by this process should be, to the extent possible, brief action documents, flexible enough to respond to changing conditions and new administrations, involve industry groups that will be affected, have regional components prepared by Alaska Regional Development Organizations (ARDORs), and be done as soon as possible.

The lead agency for development of the plans should be the Division of Business Development, Department of Commerce and Economic Development, in conjunction with a statewide Economic Policy Task Force appointed by the Governor.

2. Elements of an Economic Development Policy
 - a. Fisheries policy that would support management of the fisheries resource for the Alaska people. The policy would include increased state funding for fisheries enforcement and management agencies in addition to the domestic observer programs. The policy needs to emphasize the needs of coastal communities for capital to build infrastructure, so that products can be processed on shore in Alaska. The state policy should include the quick processing (mandatory time limit) of the raw fish tax to allow communities to continue to develop their infrastructure which results in the growth of fisheries activities. To implement this policy, there needs to be a cabinet level fisheries person who would be responsible for coordinating all government agencies, individuals and foreign nations in fisheries activities as well as involving Alaskans in the planning process at all levels. This economic policy should look at fishing areas as permanent industrial bases that can be developed and managed. Further, the state needs to develop policy that protects fisheries from impacts of oil, gas and mineral development.

- b. Transportation policy that would enhance economic development through infrastructure such as ports, roads, airports, docks and free trade zones. The state also has a huge investment in the Alaska Marine Highway System (AMHS) which it needs to market and operate for maximum use. There should be a mechanism in the policy for the state to allow or encourage the privatization of some of the profitable runs in the AMHS.
- c. Resource development policy that does not give away the state's resources without receiving any revenue from them (the current exception: oil). Emphasis should be on renewable resource development as a priority. For example: development of a policy on tourism that focuses on infrastructural support which in turn encourages investment in tourism in rural Alaska, such as grants to communities for Visitor Information Centers that campaign in favor of local attractions.
- d. Human resources policy that places emphasis on local hire, especially in rural areas.

1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way to dispose of waste products (including, but not limited to hazardous wastes, oily wastes, solid wastes, and waste products off boats) in the State of Alaska. Proper statutes of limitation are not in place, and we are at the mercy of the Court System. Liability insurance costs discourage small businesses from getting involved in the hazardous waste disposal business.

RECOMMENDATIONS

1.
 - a. Design and construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the State.
 - b. Make it a policy that fishing vessels and processors and all other generators of large quantities of waste disposing of wastes in shoreside community landfills must certify (on approved Environmental Protection Agency (EPA) and/or Department of Environmental Conservation (DEC) approved containers prior to disposal; lack of certification as above may force denial of onshore landfill facilities, with subsequent penalties to be imposed on communities by the state or federal government.
2. Recommend that the state identify means to lower insurance rates because liability insurance costs discourage small businesses from getting involved with hazardous waste business.
3. The state and federal governments need to recognize and assume the responsibility for the disposal of solid and hazardous waste - this includes providing the facilities and the technology for dealing with solid and hazardous waste. For example, many small areas do not have adequate landfills to deal with waste products off boats as required by the Marpol Agreement.
4. The state needs to assist in the education of communities on various types of hazardous wastes, storage, and disposal such as outreach seminars, education for communities through training programs (CHME through the Alaska Health Project).

5. Support House Bill 220 which would:
 - a. Assist the owners of underground storage tanks to comply with Federal and State requirements governing their tanks.
 - b. Provide a means for owners of underground storage tanks to obtain affordable liability insurance which currently is not available to small businesses.
 - c. Provide funding to assist owners of leaking underground storage tanks with the cost of upgrading or replacing their tanks and the costs of cleaning up contamination related to their tanks.
6.
 - a. The state should develop a recycling and waste reduction policy, economic incentives, financial assistance, and technical information, that will assist rural Alaska communities in disposing of wastes cost effectively.
 - b. Assist in funding transportation for recyclables.
 - c. Encourage businesses in a waste reduction program-Waste Reduction Assistance Program (WRAP).
7. Upon discovery of contaminants, the state shall take immediate steps to protect public wells and water systems at State expense.

1C. PROBLEM: INSURANCE/BONDING

Worker's Compensation:

1. Costs too much.
2. Small businesses are unable to self-insure, therefore, are locked into classification rates.
3. Lacks employee responsibility for an accident and does not allow the employer a defense and involvement in the claim process.
4. Difficult for small businesses to obtain information on the operations of the worker's compensation system.
5. Current rate classifications systems are often inaccurate and inappropriately determined.
6. Worker's compensation does not adequately address needs of many Alaskan occupations, i.e. self-employed boat owners as well as crew members.
7. Worker's compensation insurance does not preclude law suits of parties other than the employer to supplement or substitute for the relief available under the Workman's Compensation System.

RECOMMENDATIONS

1. Develop an insurance pool. Name a task force of small business owners to advise boards and review the process of setting rates.
2. Take care of our own problems by providing a safe work environment. A merit system should be initiated for the employer and employee. The State Division of Insurance shall review high rates in all areas of insurance and recommend and implement changes.
3.
 - a. Develop appropriate rating of all job classifications to allow for actual job performance while protecting insurance industry exposure to claims.
 - b. Increase funding for fraud investigations.
 - c. Require frequent and periodic medical reviews.

- d. Support tort reform.
 - e. Work to place disabled workers into vocational rehab programs at the earliest possible time. This may require increased funding to training programs.
 - f. Give incentives to industry for providing employee safety training; and
 - g. Increased training to prevent on the job injuries.
4. Develop workers' compensation rate system to more adequately classify workers' categories and review process to assure reasonable rates commensurate with risks and experience.
 5. Worker's Compensation Rate Classifications be clearly defined to represent the actual tasks performed and an appeal system be available to businesses. Total compensation for an on-the-job injury shall be limited to the amount established by the Workmen `s Compensation System for that injury regardless of the ultimate source of compensation.
 6. Reasonable coverage and rates need to be provided under Worker's Compensation. Coverage needs to be provided for work performed on or off the boat regardless of time frame, i.e. 24 hour fishing period and/or season.

4A. PROBLEM: FINANCE

Small business requires better access to loans from \$10,000 to \$100,000.

RECOMMENDATIONS

1. The State guaranteed loan program should be simplified and have less costly documentation process.
2. The State needs to provide for the dissemination of information broadly throughout the state. This can be done through:
 - a. Local workshops, seminars;
 - b. Low cost computer networking;
 - c. Use of local facilities, schools, libraries, etc.;
 - d. PSA announcements;
 - e. Mailings etc. through business license mailing; and
 - f. Installing an 800 number.
3. The State should provide incentives to banks to make \$10,000 - \$100,000 loans to small businesses in rural communities.
4. Support House Bill 123 which would:
 - a. Increase the current AIDA loan guarantees to 80%;
 - b. Require AIDA to share in 80% of the collection and foreclosure expenses;
 - c. Let the banks control the collection and foreclosure status of the loans; and
 - d. Raise the current 2% level for delinquency so the local banks can participate in the loan program.