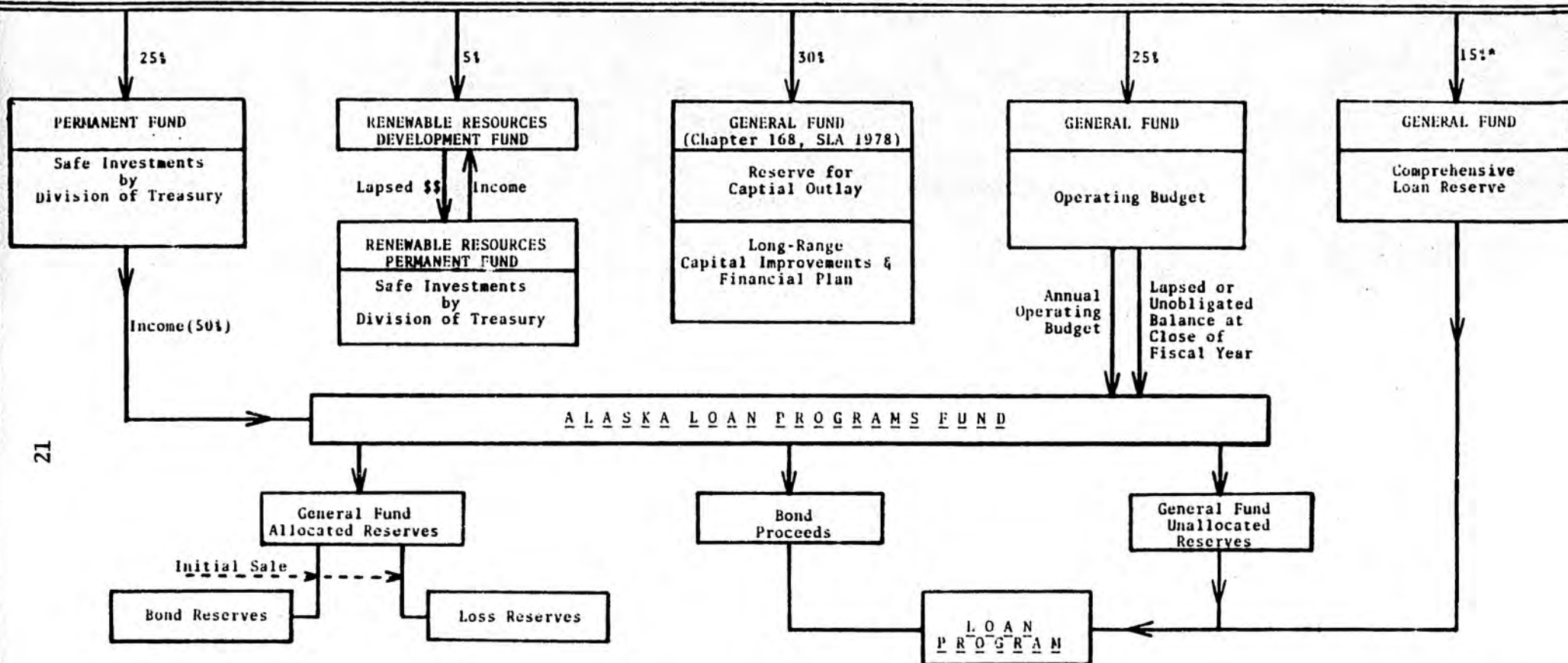


HOUSE / SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2771

LEGISLATIVE COUNCIL STUDY--POSSIBLE 1980 PROGRAM

100% MINERAL RECEIPTS



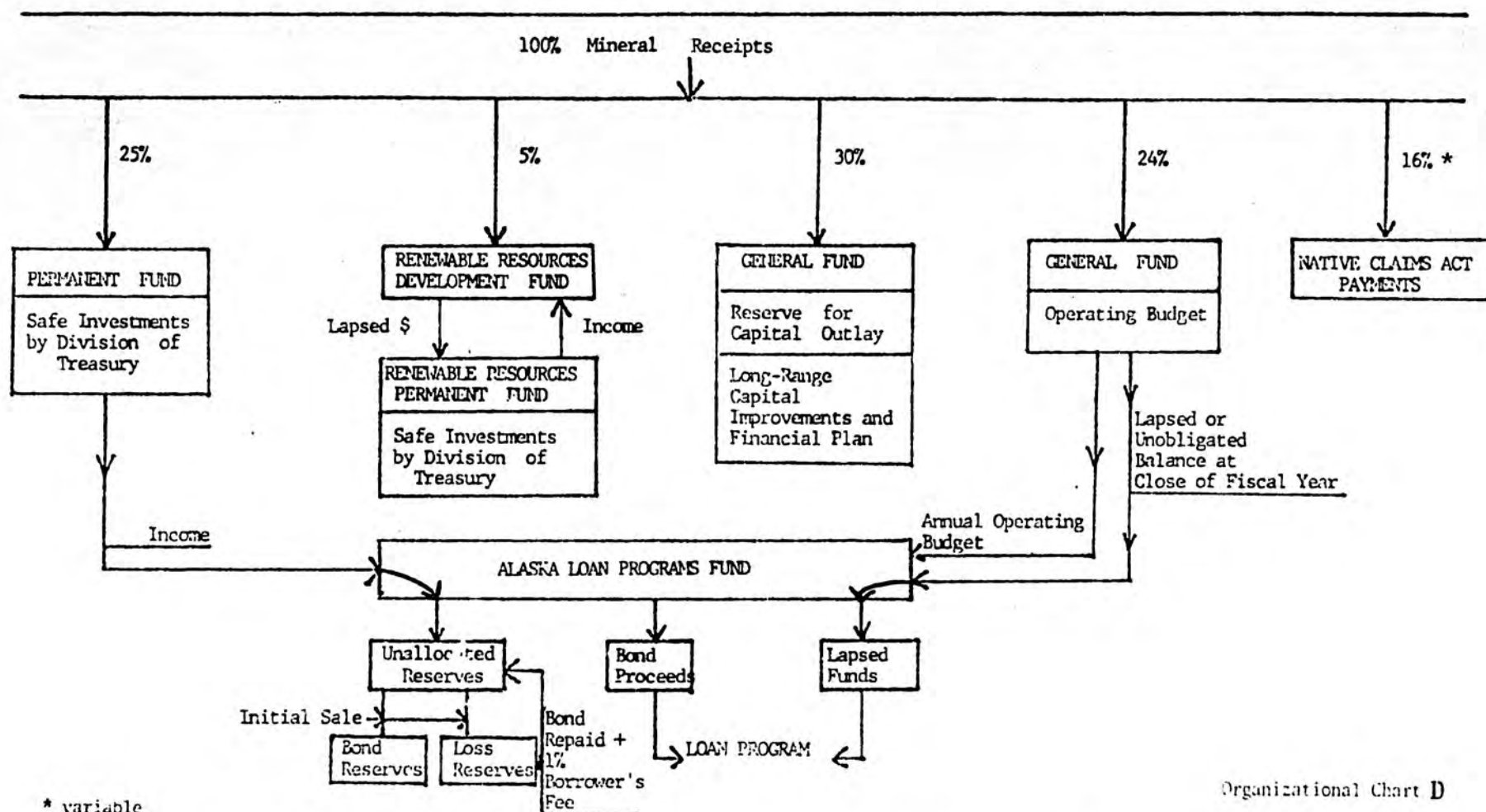
Organizational Chart C

*Based on ANCSA repayment projections

Future needs of Alaska's citizens can be met from the savings accounts within the Alaska Loan Program, which are: all unallocated reserves (income from Permanent Fund) and unallocated reserve subaccount (General Fund contribution account). Projections indicate that in eight to ten years the oil & gas receipts will deteriorate. The bond program will be ready then to assume more of a position in the Alaska Loan Program.

SENATE INTERIM COMMITTEE PROPOSED LEGISLATION - 1978 Program

22



* variable

Organizational Chart D

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

COMPARATIVE SAMPLES

The following Samples A through D have been prepared by the Senate Special Committee on the Permanent Fund - 1978 Interest Level.

Sample A

A Comparative Sample of Available Residential Loans and the Senate Proposed Alaska Loan Program in Urban Alaska - 1978 Interest Level.

Sample B

A Comparative Sample of Available Residential Loans and the Senate Proposed Alaska Loan Program in Rural Alaska - 1978 Interest Level.

Sample C

A Comparative Sample of Available Home Improvement Loans and the Senate Proposed Alaska Loan Program - 1978 Interest Level.

Sample D

A Comparative Sample of Available Business Loans and the Senate Proposed Alaska Loan Program - 1978 Interest Level.

Sample E

A Comparative Sample of Available Loans and the Senate Proposed Alaska Loan Program in Rural Alaska - August 1979.

Sample F

A Comparative Sample of Available Residential Loans and the Senate Proposed Alaska Loan Program in Urban Alaska - August 1979.

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Urban Alaska
1978 Interest Level

TERM: 30 year loan

SAMPLE: \$50,000 home

Lending Agency	Downpayment ¹	Interest	Monthly Pymts	Insurance ²	Total Cost
Federal National Mortgage Association	\$ 5,000	9.5%	\$ 378.39	\$ 7,500.00	\$ 148,720.40
State Veterans Loan Program	5,000	7.5%	314.65	7,500.00	125,774.00
Federal Housing Authority	1,500	8.5%	372.93	7,500.00	143,254.80
Alaska Housing Finance Corporation	5,000	7.75%	322.39	7,500.00	128,560.40
State Banks ³ (not available; pro forma only)	5,000	9.2%	368.21	7,500.00	145,055.60
Alaska Loan Program	5,000	7.0%	299.39	6,699.60	119,480.00
Veteran Incentive	5,000	6.0%	269.80	6,192.00	108,320.00

¹ All the programs have a 10% downpayment with the exception of the Federal Housing Authority which requires 3%.

² Insurance fees are computed at a .5% of the value of the home over a 30 year period and are approximate averages only. The Alaska Loan Program insurance fee is based on an optional .6% added to the 7% interest cost and covers the mortgage only.

³ Interest quoted is taken from bank questionnaires received by the Senate Committee on the Permanent Fund

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Rural Alaska
1978 Interest Level

TERM: 30 year loan

SAMPLE: \$50,000 home

Lending Agency	Downpayment ¹	Interest	Monthly Pymts	Insurance ²	Total Cost
Federal National Mortgage Association	\$ 5,000.	9.5%	\$ 378.39	\$ 30,000.00	\$ 171,220.40
State Veterans Loan Program	5,000	7.5%	314.65	30,000.00	148,274.00
Federal Housing Authority	1,500	8.5%	372.93	30,000.00	165,754.80
Alaska Housing Finance Corporation	5,000	7.75%	322.39	30,000.00	151,060.40
State Banks ³ (not available; pro forma only)	5,000	9.6%	381.69	30,000.00	172,408.40
Farmer's Home Administration	NONE	8.0%	366.89	30,000.00	162,080.40
Alaska Loan Program	2,500	7.0%	316.02	6,832.80	123,100.00
Veteran Incentive	2,500	6.0%	284.79	6,555.60	111,580.00

¹ All the programs have 10% down with the exception of Farmer's Home (none); FHA (3%); and the Alaska Loan Program (5% for most of rural Alaska).

² Insurance fees are computed at a 2% of value of the home over a 30 year period and is a low estimate. The Alaska Loan Program insurance fee is based on an optional .6% added to the 7% interest costs and covers the mortgage only.

³ Interest quoted is taken from bank questionnaires received by the Senate Committee on the the Permanent Fund

A Comparative Sample of Available Home Improvement Loans
And the Senate Proposed Alaska Loan Program
1978 Interest Level

TERM: 15 years

SAMPLE: \$10,000 Home Improvement Loan

Lending Agency	Interest	Monthly Payments	Total Cost
Farmer's Home (Rural AK only)	8.0%	\$ 95.57	\$ 17,202.60
AK Housing Finance Corporation (Rural AK only)	9.5%	104.43	18,717.40
State Bank ¹ (not readily available; pro forma only)	9.6%	105.04	18,907.20 (Rural)
	9.2%	102.63	18,473.40 (Urban)
Alaska Loan Program	7.0%	89.89	16,180.20
Veterans Incentive	6.0%	84.39	15,190.20

¹ Interest quoted is taken from bank questionnaire responses received by the Senate Committee on the Permanent Fund

A Comparative Sample of Available Business Loans
And the Senate Proposed Alaska Loan Program
1978 Interest Levels

TERM: 15 years

SAMPLE: \$125,000 business loan
(no equipment costs)

Lending Agency	Value Limitation	Interest	Monthly Payments	Total Cost	
Small Business Administration	90%	9.5%	\$ 1,305.30	\$ 234,954.00	
Bank	75%	9.5%	1,305.30	234,954.00	URBAN
(pro forma only)	75%	9.8%	1,306.50	235,170.00	RURAL
Small Business Loan Fund (State)	75%	8.0%	1,194.60	215,028.00	
State Veterans Loan Fund	75%	7.5%	1,158.80	208,584.00	
Alaska Loan Program	90%	7.0%	1,123.60	202,248.00	
Veterans Incentive	90%	6.0%	1,054.90	189,882.00	

The actual maximum loan amounts for each program listed as follows:

SBA guarantees
Bank
Small Business (state)
Alaska Loan Program

None given
Varies statewide
\$ 300,000
\$ 500,000 per individual
\$ 5 million for group of 10
individuals per project

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Rural Alaska

TERM: 30 year loan

SAMPLE: \$50,000 home

LENDING AGENCY	DOWNPAYMENT ¹	INTEREST	MONTHLY PAYMENTS	INSURANCE ²	TOTAL COST
Federal National Mortgage Assoc. (1979)	\$5,000 (2,500)	9.5% (11.6%)	\$378.39 (\$474.02)	\$30,000.00 (same)	\$171,220.40 (\$203,145.75)
State Veterans Loan Program (1979 - no change)	5,000	7.5%	314.65	30,000.00	148,274.00
Federal Housing Authority (1979)	1,500 (1,750)	8.5% (10.0%)	372.93 (423.43)	30,000.00 (same)	165,754.80 (\$184,184.18)
Alaska Housing Finance Corp. (1979)	5,000 (2,500)	7.75% (8.75%)	322.39 (373.68)	30,000.00 (same)	151,060.40 (167,024.80)
State Banks ³ (not available; pro forma only) (1979)	5,000 (2,500)	9.6% (11.6%)	381.69 (474.02)	30,000.00 (same)	172,408.40 (203,145.75)
Farmer's Home Administration (1979 no subsidy) (1979 subsidized)	NONE	8.0% (9.0%) (1.0%)	366.89 (402.31) (160.82)	30,000.00 (same) (same)	162,080.40 (174,832.07) (87,895.13)
Alaska Loan Program	2,500	7.0%	316.02	6,832.80	123,100.00
Veteran Incentive	2,500	6.0%	284.79	6,555.60	111,580.00
Juneau Borough Program ⁴		8.65%			
5% down	2,500		370.31	7,500	144,356.20
10% down	5,000		350.82	7,500	139,795.20
15% down	7,500		331.33	7,500	135,228.80
Jefferson Parish ⁵	2,500	7.625%	336.20	7,500	131,657.73
State of Alaska Retirement Invest- ment Fund (Dept. of Revenue)	5,000	11.5%	445.63	7,500	172,927.21

1. All the programs have 10% down with the exception of Farmer's Home (none); FHA (3%); and the Alaska Loan Program (5% for most of rural Alaska).

2. Insurance fees are computed at a 2% of value of the home over a 30 year period and is a low estimate. The Alaska Loan Program insurance fee is based on an optional .6% added to the 7% interest costs and covers the mortgage only.
3. Interest quoted is taken from bank questionnaires received by the Senate Committee on the Permanent Fund.
4. Originator's fee of 1% plus commitment fee of 1% plus \$100 underwriter's fee and fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.
5. Originator's fee of 1% plus commitment fee of .25% plus fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.

A Comparative Sample of Available Residential Loans
And the Senate Proposed Alaska Loan Program
In Urban Alaska

TERM: 30 year loan

SAMPLE: \$50,000 home

LENDING AGENCY	DOWNPAYMENT ¹	INTEREST	MONTHLY PAYMENTS	INSURANCE ²	TOTAL COST
Federal National Mortgage Assoc. (1979)	\$5,000 (2,500)	9.5% (11.6%)	\$378.39 (\$474.02)	\$7,500.00 (same)	\$148,720.40 (\$180,645.75)
State Veterans Loan Program (1979) - no change)	5,000	7.5%	314.65	7,500.00	125,774.00
Federal Housing Authority (1979)	1,500 (1,750)	8.5% (10.0%)	372.93 (423.43)	7,500.00 (same)	143,254.80 (161,684.18)
Alaska Housing Finance Corp. (1979)	5,000 (2,500)	7.75% (8.75%)	322.39 (373.68)	7,500.00 (same)	128,560.40 (144,524.80)
State Banks ³ (not available; pro forma only) (1979)	5,000 (2,500)	9.2% (11.6%)	368.21 (474.02)	7,500.00 (same)	145,055.60 (180,645.75)
Alaska Loan Program	5,000	7.0%	299.39	6,699.60	119,480.00
Veteran Incentive	5,000	6.0%	269.80	6,192.00	108,320.00
Juneau Borough Program ⁴		8.65%			
5% down	2,500		370.31	7,500	144,356.20
10% down	5,000		350.82	7,500	139,795.20
15% down	7,500		331.33	7,500	135,228.80
Jefferson Parish ⁵	2,500	7.625%	336.20	7,500	131,657.73
State of Alaska Retirement Investment Fund (Dept. of Revenue)	5,000	11.5%	445.63	7,500	172,927.21

1. All the programs have a 10% downpayment with the exception of the Federal Housing Authority which requires 3%.

2. Insurance fees are computed at a .5% of the value of the home over a 30 year period and are approximate averages only. The Alaska Loan Program insurance fee is based on an optional .6% added to the 7% interest cost and covers the mortgage only.

3. Interest quoted is taken from bank questionnaires received by the Senate Committee on the Permanent Fund.
4. Originator's fee of 1% plus commitment fee of 1% plus \$100 underwriter's fee and fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.
5. Originator's fee of 1% plus commitment fee of .25% plus fees for required insurance (includes mortgage insurance and hazard insurance) are all included in total cost column.

ILLUSTRATIONS

The following Illustrations have been prepared by the Senate Special Committee on the Permanent Fund and give examples of loans that could be made through the Alaska Loan Program and the Renewable Resources Division.

*Loans Made in Conjunction with the Renewable Resources Division (Senate Original Position)

Illustration A

Bottom Fish Processing Plant

Illustration B

Fishing Boat

Commercial Loans Made through the Alaska Loan Program

Illustration C

Retail Store and Housing Development Project

*Note that the Senate's original position was that a Renewable Resource Division within the Department of Commerce and Economic Development be utilized in lieu of a separate corporation. The division personnel would be project oriented and advocates for these development projects. These illustrations indicate only how the Alaska Loan Program can be used as of February 1980.

RENEWABLE RESOURCES DIVISION

Illustration A

PROJECT: Bottom Fish Processing Plant

		<u>Alaska Loan Program</u>		<u>Equity</u>
Real Estate	\$ 3,000,000	90%	\$2,700,000	\$300,000
Equipment	2,000,000	80%	1,600,000	400,000
	\$ 5,000,000		\$4,300,000	\$700,000

A 50% equity position by the Renewable Resources Development Fund = \$350,000

* Interest Cost = 7% over the life of the loan.

Note: With section 284 of the Alaska Loan Program, included in the above cost are:

- 1) Interest during construction (12 - 18 months)
- 2) Interest, costs, and working capital for 30 months

Therefore, the project has not paid anything from earnings for 48 months.

* 1978 Interest Level.

RENEWABLE RESOURCES DIVISION

Illustration B

PROJECT: Fishing Boat

			Alaska Loan Program	Equity
Fishing vessel	\$ 150,000	90%	\$ 135,000	\$ 15,000
Equipment	30,000	80%	24,000	6,000
	\$ 180,000		\$ 159,000	\$ 21,000

- *Division of Renewable Resources may:
- 1) supply an interest incentive
 - 2) hold 50% equity position equal to \$ 10,500.

* Senate original program now must use Alaska Renewable Resources Corporation.

ALASKA LOAN PROGRAM
COMMERCIAL LOANS

Illustration C

PROJECT: Retail Store

		<u>Alaska Loan Program</u>		<u>Equity</u>
Real Estate	\$ 400,000	90%	\$ 360,000	\$ 40,000
Equipment	100,000	80%	80,000	20,000
	<u>\$ 500,000</u>		<u>\$ 440,000</u>	<u>\$ 60,000</u>

PROJECT: Housing Development *

		<u>Alaska Loan Program</u>		<u>Equity</u>
Real Estate	\$5,000,000	90%	\$ 4,500,000	\$ 500,000

* Project has participation of 10 individuals each assuming individual liability.

G R A P H S

The following Graphs A through D are based upon revenue projections prepared by Milt Barker, Division of Legislative Finance.

Graph A

Charts the projected Permanent Fund balances and the General Fund balances for the years 1980 through 2000 with data points on the graph every five years, (25% dedication to Permanent Fund).

Graph B

Charts the projected balances for the Reserve and Energy Facilities, (5% dedication), and Reserve for Capital Outlay, (25% dedication), for the years 1980 through 2000 with data points every five years.

Graph C

Charts the projected Unallocated Reserve Balance for the years 1980 through 2000 with data points every five years with 75% dedication to various funds and programs.

Graph D

Charts the projected balances for the Loan Program Fund, (15% dedication), the Unallocated Reserve Balance, (see Graph C above), and the total of the Loan Programs Fund and the Unallocated Reserve Balance for the years 1980 through 2000 with data points every five years.

ALASKA LOAN PROGRAM
COMMERCIAL LOANS

Illustration C

PROJECT: Retail Store

		<u>Alaska Loan Program</u>		<u>Equity</u>
Real Estate	\$ 400,000	90%	\$ 360,000	\$ 40,000
Equipment	100,000	80%	80,000	20,000
	<u>\$ 500,000</u>		<u>\$ 440,000</u>	<u>\$ 60,000</u>

PROJECT: Housing Development *

		<u>Alaska Loan Program</u>		<u>Equity</u>
Real Estate	\$5,000,000	90%	\$ 4,500,000	\$ 500,000

* Project has participation of 10 individuals each assuming individual liability.

G R A P H S

The following Graphs A through D are based upon revenue projections prepared by Milt Barker, Division of Legislative Finance.

Graph A

Charts the projected Permanent Fund balances and the General Fund balances for the years 1980 through 2000 with data points on the graph every five years, (25% dedication to Permanent Fund).

Graph B

Charts the projected balances for the Reserve and Energy Facilities, (5% dedication), and Reserve for Capital Outlay, (25% dedication), for the years 1980 through 2000 with data points every five years.

Graph C

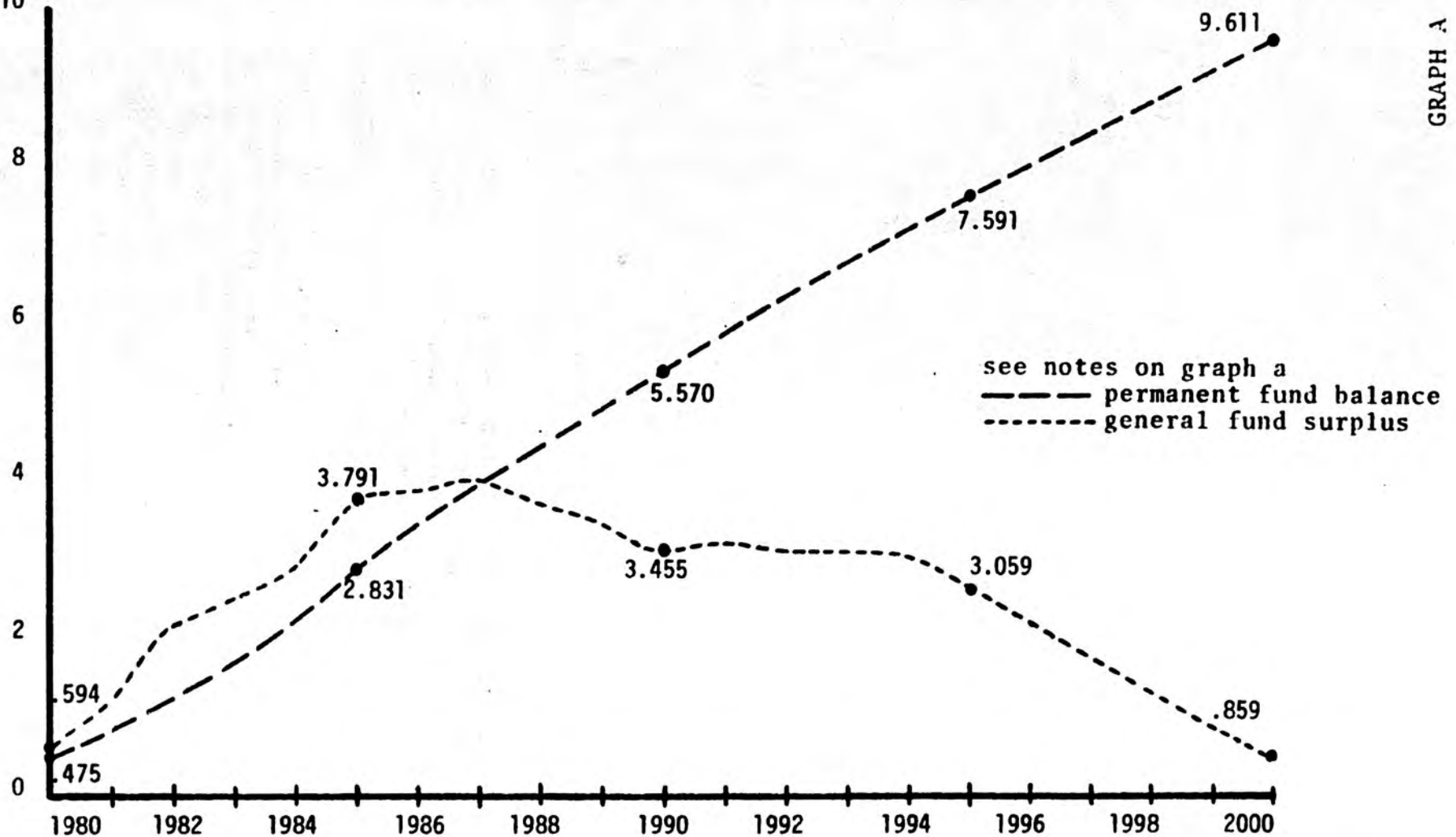
Charts the projected Unallocated Reserve Balance for the years 1980 through 2000 with data points every five years with 75% dedication to various funds and programs.

Graph D

Charts the projected balances for the Loan Program Fund, (15% dedication), the Unallocated Reserve Balance, (see Graph C above), and the total of the Loan Programs Fund and the Unallocated Reserve Balance for the years 1980 through 2000 with data points every five years.

PROJECTED PERMANENT FUND BALANCES & GENERAL FUND SURPLUS OR DEFICIT

Billions 10
of
Dollars



ALL VALUES ARE IN NOMINAL DOLLARS(ACTUAL DOLLARS IN BANK ACCOUNT)

GRAPH A

2/25/90

Notes on Graphs A, B, C, & D

Comments

Real 1980 Dollars
2% Real growth in oil prices
\$457 Mil Beaufort Revenue
Gas Line 1985
3% Real growth in non-oil revenue
Governor's Operating Budget FY-81 + 4% growth
\$.42 Prudhoe field costs
\$.53 gas conditioning costs
Alaska Native Claims Settlement Act payments completed

Assumptions

Annual rate of interest on General + Permanent Funds = 2.00%
% of current year expenditures in General Fund Cash Balance - 20.00%
% of royalties leases and bonuses deposited in Permanent Fund = 75.00%
% of Permanent Fund earnings to Alaska Inc. = % 100 %

PROJECTED BALANCES OF RESERVES FOR ENERGY FACILITIES & RESERVES FOR CAPITAL OUTLAY

Billions of Dollars

12

10

8

6

4

2

0

1980

1982

1984

1986

1988

1990

1992

1994

1996

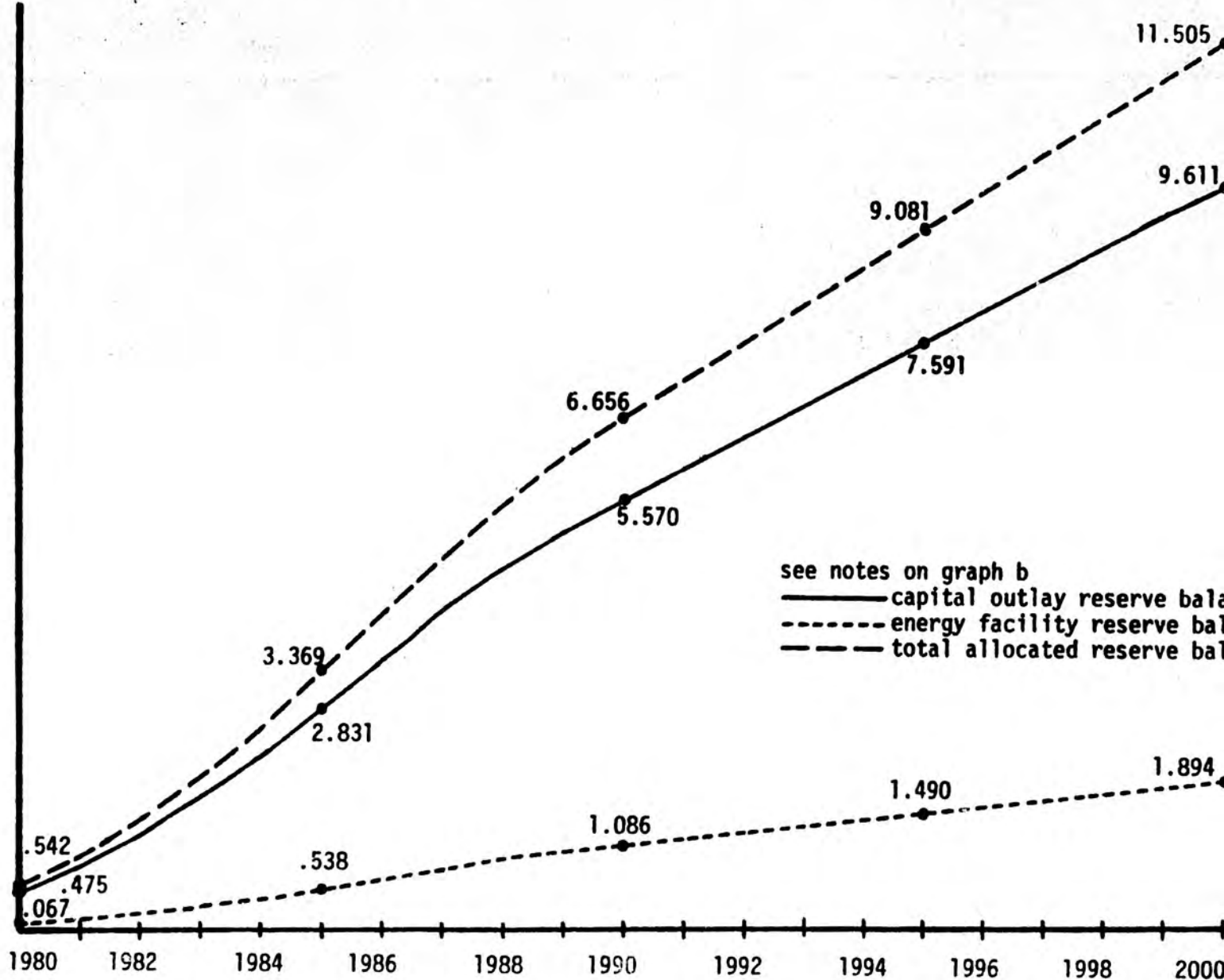
1998

2000

ALL VALUES ARE IN NOMINAL DOLLARS(ACTUAL DOLLARS IN BANK ACCOUNT)

see notes on graph b

— capital outlay reserve balance
 - - - energy facility reserve balance
 - - - total allocated reserve balance

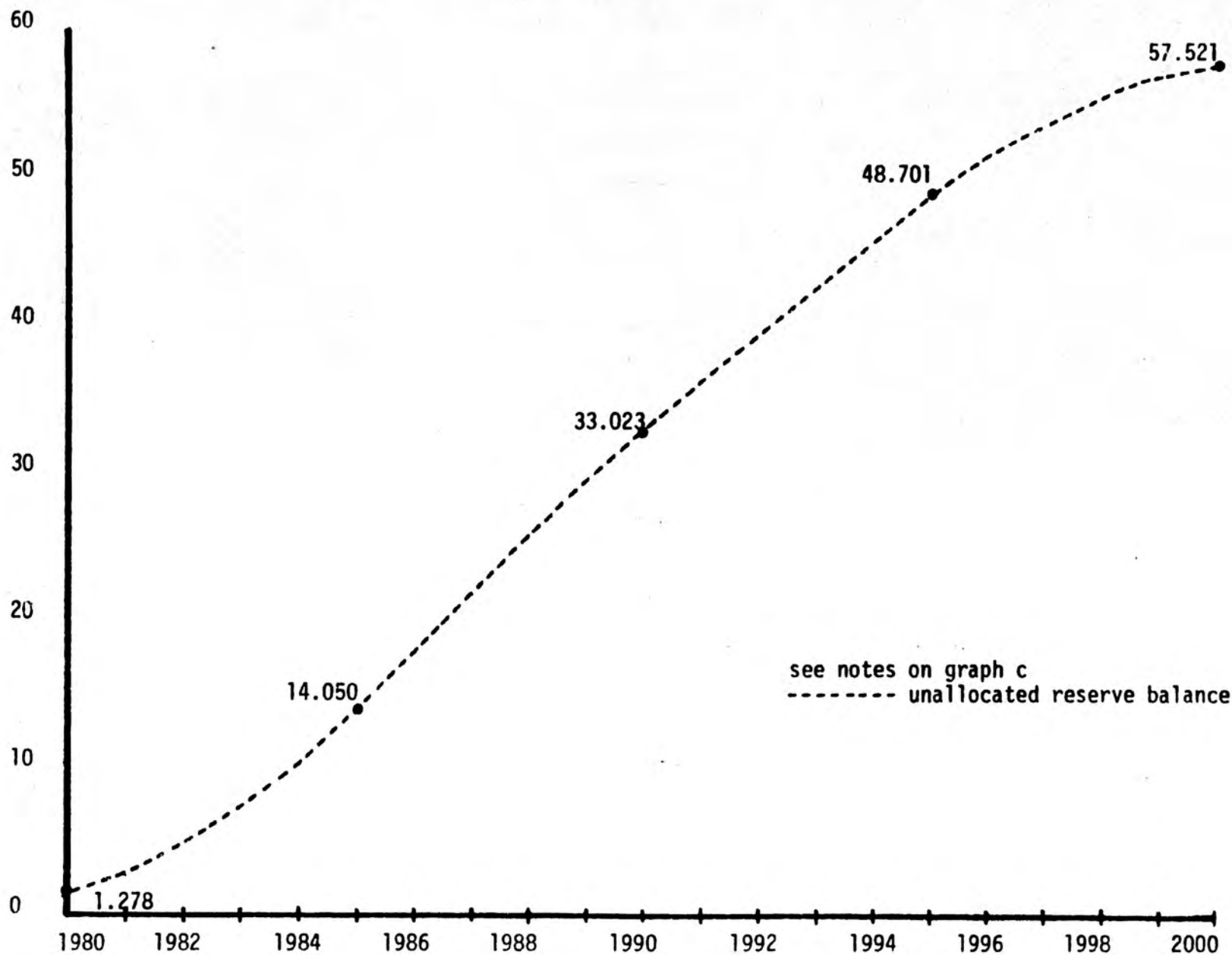


GRAPH B

2/25/80

PROJECTED UNALLOCATED RESERVE BALANCE

Billions
of
Dollars



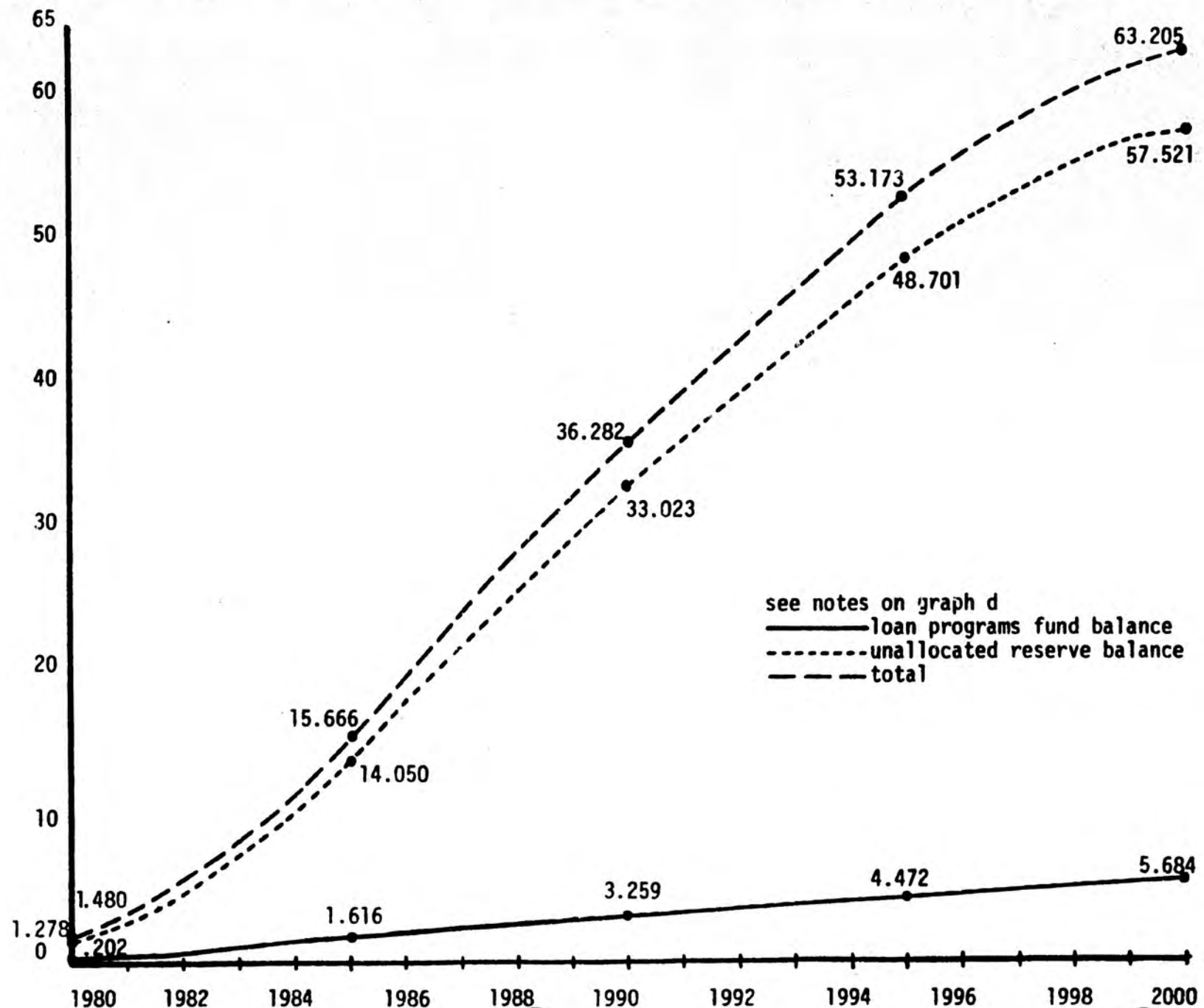
GRAPH C

ALL VALUES ARE IN NOMINAL DOLLARS(ACTUAL DOLLARS IN BANK ACCOUNT)

2/25/80

PROJECTED BALANCES-LOAN PROGRAMS FUND & UNALLOCATED RESERVE

Billions
of
Dollars



see notes on graph d
 — loan programs fund balance
 - - - unallocated reserve balance
 - . - total

ALL VALUES ARE IN NOMINAL DOLLARS (ACTUAL DOLLARS IN BANK ACCOUNT)

GRAPH D

2/25/80

General Subject: FCC on 5B1 (Loan Programs)

Present: Senators: Lehman, Sumner, Murkathy.

Representatives: Cotten, Meekins, Hayes

Others: Mike Doogan, Ken Vasser, Eric Wolforth,
Jim Rhode, Marie Pignatelli, Lee McNerny, Bob Dupere
Bob Bettisworth, Terry Gardiner.

Log #	Description
#4, Side 2	
000	Meekins call to order 8:25 am.
	Adjourned last night awaiting Senate conceptual amendments
050	Bob Dupere presentation (Attachment)
	p. 1 Comprehensive Agency - name ADA
	makeup & terms of office
	Purpose - comprehensive response to Alaska Economic need.
102	Cash Flow -
	Cotten - question re: direct loan
	Dupere - individual may go directly to state agency rather than thru local office
	House bill drop pages 1 thru 10
	11-31 AK. Housing Fin. as is
	32-33 AIDA as is
	Drop Amendments # 10 & 11
150	#10 - Veterans coming in and out - Amer. Legion Lobby
	Senate Bill pages 1 thru 5 dropped
	drop Per. Fund B. & A review responsibilities

Subject: FCC on SB 1 (Loan Programs)

Page #	Description
180	Div. of Treasury AK. Housing Finance. continues until replaced thru direction of R&DA Board.
200	Corporate Shell. Phasing - consolidation of all loan programs.
216	p. 4 terms of Loans types of loans max. financing and term of loan. Various programs. Interest rates N 10 1/2, 9 1/2, 8 1/2
242	Funding - Sections Business Loans 81 mil. AIDA amounts. Mortgages
270	Meekins questions p. 1 Function #2
281	Dupere Agencies are not immediately absorbed
300	Meekins - Cash flow 15% oil & gas receipts 50% income of fund Lapsed funds Gen. Fund
317	Dupere Sumner - include also any unappropriated funds Dupere - yes

Subject: FCC on SB1 (Loan Programs)

Log #	Description
	p. 2 Question Hayes re: AK. Housing.
	p. 3 continuation of AHFC or phase out.
341	Dupere - would eventually be phased out of borrowing function.
	Sumner - only \$ & authority moves
	Dupere - yes and that's a phasing too.
	p. 4 Meekins question working capital
365	Dupere - Carried over from Senate version
	Collateralized loan may be used for working capital.
	Meekins question re: total for page
394	Dupere - all the cash on hand plus \$500 million.
	Doogan stmt. re: N position
	Meekins \$280 million
423	Discussion re: cash flow
	Meekins - ratio between N bill \$ in loans to be generated.
	Dupere - \$500 million in loans
440	Meekins - would this accommodate 2.4 billion need.
449	Dupere - would be leveraged 2-1.
456	Hayes - Question re: \$500 million from Gen Fund.

ene 1 Subject:

og #	Description
460	Meekins need for prioritization.
471	Meekins confusion re: funding info. (last page) + cash flow (first page)
485	Meekins - what would 15% oil & gas receipts be?
499	Dupire - Barker projections - ~~15 - 8200~~ 1981 396 million 1982 650 million
511	Cotten is 15% estimate of need?
531	Dupire - yes need for program to subsidize many areas - 15% provided consistent level.
539	Meekins - Milt Barker (First page - Cash Flow) How much would this be?
542	Barker - 1 Billion up to 3 billion by 1990 Cumulative Barker - 1981 194 million 1985 400 million contributions 1990 200 million The Prudhoe Bay peak 1987 then decline Increases larger during earlier years because of scheduled payment native land claims
591	Estimate of lapse

Subject: FCC on SB 1 (Loan Programs)

pg #	Description
	Barker - memo gives yearly lapse. These estimates prior to income tax refund + permanent fund dividend.
	2-3% real growth rate (conservative)
644	Meekins - lapsed funds depend on legislative spending.
628	Dupere - question re: capital outlay Barker Capital Outlay 2070 1981 1982 - 400 million capital outlay
648	Recess to call of Chair, approx. 1/2 hr. - 9:00am.
649	Reconvene 1:50pm Senators: Mulcahy, Nehman, Sumner Reps: Cotton, Meekins, Hayes Recess until 4:30pm to go until finished.
649	Reconvene 6:25pm All committee members present Also present: Commissioner Tom Williams Rep. Metcalf, Bob Dupere, Milt Barker, Eric Wohlforth, Bert Wagner, Bill Allen Mike Deogan, Rob Kocis, Reps. Bettisworth & Barnes, Rick Lauker, Kim Hutchinson Sterling Gallagher, Reps. Fuller & Malone, Ken Vassar,

Subject: FCC-80 SB1 (Loan Programs)

Log #	Description
	Meekins - Sumner proposals - then recess to consider 1/2 hr to hr.
666	Sumner - Chart (Flow of Funds) Attached. Assessment that private sector experienced serious setback - no agency has monitored Need ADA w/ bonding capacity Primary intent to fund ADA & AHFC through appropriation in (N) bill plus 70 of gas receipts & other funds available Legis. has control - give Dept's chance to monitor private sector.
702	Legis can fund around directly to ADA if Adm. has not done a good job
709	Need for flexibility in assisting private sector economy
716	ADA to be fully funded, fully staffed, and fully responsible.
724	Do not disturb AIDA or AHFC bonding authority or bond obligation
936	Sumner stmt. re: funding AHFC Impossible to anticipate need Fund ADA & allow ADA to distribute through AIDA & AHFC to private sector.
	Change Tape FCC-80 SB1 #5 Side 1

Subject: ITC on SB 1 (Lean Programs)

031 ADA could issue bonds but not in competition w/ AHFC.

046 Summer not attempting to place all bonding authority under ADA.

067 Given stnt. re: past AHFC financing before legislature

Under ADA the approp. would be made to ADA and ADA would determine what funding should go to AHFC.

0 Summer - this relieves the necessity of trying to anticipate AHFC needs and have some of our money working - Main thrust of ADA to keep pulse on economy.

Ad Summer back to original SB 1 - income leveraging. What have we abandoned at this point? Organizations: you have a state bond authority.

Lean Program of all recipients

168 Summer Initially SB 1 had only one agency that centralized bonding & distribution. This simply assigns ADA authority to relieve economic problems - Grant step in SB 1 (original) not now perhaps desirable.

211 McKinns - under this proposal the entities

Subject: FCC SB 1 (Loan Programs)

Page #	Description
	could go separately to the bond market Entities would be separate entities Honest attempt to find common ground between two very different approaches.
252	Sumner - guess at needs no longer necessary simply "fold in available money." ADA passes to economy.
269	Malone - what is purpose of having ADA controlling board over AHFC?
	Sumner - AHFC has simply made loans, ADA would monitor in attempt to stabilize economy.
298	Malone - How would ADA stabilize the economy.
312	One way is to monitor in terms of major projects coming to state and work force thus generated. Could slow flow of state lending on uphill side of project and increase on down hill side - even out economic effect - minimize leaps and bounds.
341	DeSpere - ADA would have lending authority as contemplated by original SB 1 Alaska Power Authority would still have

Subject: FCC-80 SB1 (Loan Programs)

Log #	Description
	its own bonding authority
387	Sumner - other agencies listed are other authorities
395	Meekins - need for countercyclical monitoring best level capital projects are better than loans. Loans easy to obtain when things going well - not so in times of recession. Capital projects good argument.
434	ADA Function - Meekins - investigate & generate data - power to decide on limits (AIDA & AHFC) - repository of funds (1) 15% oil & gas receipts (2) income permanent fund (3) surplus gen. fund
445	Sumner - Boom time years had none of today's problems - ADA will have significant equalizing effect.
462	Meekins - Our economy tied to U.S. economy but in reverse (Alaska in Pipeline wealth - lower U.S. recession) now (U.S. recession - Alaska boom in oil & gas revenues.)
496	Nausea has nothing to lose because

Subject: FCC on SB1 (Loan Programs)

Pg #	Description
	Funding would be reviewed at end of the year
509	Recess subject to call of chair (approx. 1/2 hr.) 7:05 pm
509	Reconvene 8:50 pm All members present
	Meekins - response to Sumner proposal Counter proposal - concepts
509	Major Difference ADA authority - delay implementation until interim analysis complete
	Change name Alaska Dev. Council Evaluate power
	Concentric cyclical monitoring Come to next Legis. session w/evaluation rather than granting immediate authority.
	We suggest deferring authority
553	Development Council would come to Legis. w/ proposal
560	Sumner - not acceptable.
	Need to make appointment and provide some action rather than just another report.

Gen 1 Subject: FCC on SB 1 (Loan Programs)

Log #	Description
574	Cotten - Reluctant to grant power - need to gear up to accept responsible - not acceptable that this entity stand between dept. & legis. Council would advise legislature
593	Cotten - problem w/ make-up of ADA Senate proposal a little ahead of its time reluctant to make that move.
606	Sumner - Stmt. critical condition of economy.
606	Meekins - Prob. is whether method of influencing economy should lie in the legislature or under control of entity of administration. - want these under legislative control - responsive to public. Admin. does not lose job if not responsive to public legislature does.
641	Meekins - Stmt. re: abuse of power by non-elected officials
648	Sumner - has AIDA & AMF been under legis control? who finds them?
606	Meekins - no they are completely independent of legis. make their own decisions. Under this act we would bring them

Gen 1 Subject: FCC on SB 1 (Loan Programs)

Log #	Description
	under Executive Budget Act. Control loan limit interest rate, etc.
677	Meekins - legis. has made mistakes in past re: amount needed in mortgage market.
686	Sumner (N) approach not acceptable
	Recess to call of chair 9:05 pm. (Senators out)
	Reconvene 9:20 pm
689	Hohman counter proposal.
	Sumner - A DA funded at (N) level in bill time to develop confidence
	want program in place thru legis. this year.
708	Meekins - still have same funding flow?
	Sumner - yes.
716	Cotten - question re: cash flow
	Vasser - Constitution prohibits dedication of taxes or licenses. Oil revenues are not such.
726	Cotten - 15% of revenue into fund, directly?
	Vasser - yes.
	Cotten - Which other agencies are you proposing to be under control
729	Dupere - Response
	Reverse tape FCC 80 #5 Side 2
005	Cotten - question re: Control of Executive Budget Act.

Gen Subject: FCC on SB (Loan Programs)

log #	Description
032	Deperre - no problem placing under Exec. Budget Act.
044	Meekins - what is cash needed initial startup? Sumner - \$150 million - project down.
066	Balance in terms of illiquid assets.
075	Malone - agencies assumed under ADA
086	Deperre - Alaska Bond Bank would continue
104	Sumner - under no circumstances are we proposing open door to Treasury
116	Cotten - Mitt Barker projected flows. Barker - 400 million peak yrs. royalties at 15% 50% permanent fund earnings 200 to 700 million increase by 1990 FY 81 approx. 200 million.
158	Cotten - Since leaving out AHFC would ADA funding needs be the same.
171	Sumner response still channel funding thru ADA authority. If ADA is not working we have authority to divert funding when we return next year.
190	Sumner - (B) asking for oppor. for ADA to work in return for (N) funding of ADA and AHFC.
195	Recess 9:35am. (approx. 15min.) (House ext.) Reconvene 9:55pm

Gen Subject: FCC on SB1 (Loan Programs)

Log #	Description
203	Keith Specking - Have conferred w/ Gov. attorney present scheme unconstitutional Gov. would veto. Direct flow royalty unconstitutional Permant Fund a bit broader - might stand statutory test.
242	Sumner - Adm. thwarting Legis. attempt to stimulate economy. (Gov.'s attorney vs. Legis. attorney) Present proposal no surprise - under consideration for some time. Sumner - Will accept as promise of the Legis. to fund at the level anticipated Specking - Gov. takes oath to uphold constitution Sumner - Move to accept plan based on promise and integrity of Legislature to fund.
289	Brief at ease 10:00 pm. Recessure 10:20 pm
301	Sumner - we have made our proposals I am not comfortable in leaving here with out a vehicle & funding for economic development in the state.
325	Cotten - not opposed to authority Funding of \$350 million of concern Also concerned re: power of authority

Subject: FCC on SBI (Lean Programs)

Page #	Description
	Function & money not clear.
344	Sumner - Interested in developing authority to develop expertise & fund it. Do not want another report.
357	Cotton - (1) proposal included similar body with more than advisory capacity. Give them a year to show power
371	Sumner - Need to give authority to function either produce or not produce. Confidence in staffing. Suggesting we fund & give authority to produce.
389	Meekins - review obscure points (1) economic development Legis. has good record economic stimulators HB 60, hydro. projects, 405 million tax relief, \$105 million into loans 60 million fish pack loans \$75 million Gov.'s 1.3 Billion - total of all loans greater than the 2.5 Billion on deposit w/ all banks tremendous effort. (2) countercyclical effort against economy one best efforts would be unemployment ins. and capital projects. Lean programs not necessarily best approach

Subject: FCC on SB 1 (Loan Programs)

Log #	Description
	Meekins - if Gov. is going to interfere in economy that should be done only as last resort and control should be retained in legislature.
474	Senate has made concessions. (N) appears less than conciliatory - but all efforts in (N) have been to strengthen legis. control.
490	Sumner - Have not put one dollar on the street - same no. of people unemployed now as when session started. Move to adjourn come back 2:30 tomorrow morning.
511	Meekins - position of (N) to resolve tonight if do not finish tonight might be discharged.
522	Recess 10:35 pm Reconvene 10:50 pm
525	Holman move to adjourn and reconvene 8:00 am tomorrow morning
532	Meekins need. fleshing out: (1) specific function authority (2) purpose (3) expected accomplishment (4) use of funding Sumner - (N) to present list of preempted

SB 1 FREE CONFERENCE
MAY 28, 1980
OUTLINE OF PROPOSED POLICY DECISIONS

<u>Comprehensive Agency</u>	<u>Makeup</u>	<u>Function</u>	<u>Comments or Direction</u>
Proposed Name Alaska Development Authority	Chairman - Lt. Governor Commissioners - Two selected by Governor. Term: 2 Years Assigned to Department of Commerce & Economic Development Alternate: Lt. Governor's office <u>Flow of Cash</u> 15% Oil & Gas Receipts 50% Income Permanent Fund Lapsed Funds General Fund Tax-Exempt Bonds Direct Placement AIDA Type Projects Taxable Bonds -- Last Resort	1. Issue all public debt in relation to all loan programs proposed. 2. Allocate funds to using agencies that are not immediately absorbed or that are not absorbed. 3. Responsible for comprehensive approach to Alaska's economy and finance needs indicated; programming State response in a manner so as to encourage the private sector. 4. Administer the Comprehensive Loan Program a. Secondary Market Approach -- Urban b. Direct Loan Approach -- Rural c. Direct Loan Approach -- Appeal Basis	

Drafting BillComments or Direction

HCS CSSSSB 1

Drop Pages 1 - 10

" "

Pages 11 - 31

Alaska Housing Finance Corporation

As is with some possible modifications

" "

AS 44.58.180(a) - Bond Bank - As is

" "

Pages 32-33: AIDA -- As is

" "

AS 44.47.360 Division of Nonconforming Housing Loans

Pertinent provisions add to AHFC in order that it may make these types of loans.

Also to Comprehensive Loan Program

" "

Drop Amendment No. 10

" "

Drop Amendment No. 11

Veterans eligible as contained in Senate Bill 1/31/80

Drafting Bill

Senate 10/31/80

Comments or Direction

Drop Pages 1 - 5

Drop Lines 1 - 17; Page 6

Pages 6 - 43

Modify wording to reflect Alaska Development Authority status

Pages 44 - 49

Division of Treasury and aspects of Treasury not pertaining to
Alaska Development Authority -- drop

Add: Wording to create Authority

Phasing

AHFC Continues until ADA Board directs

- AIDA
1. Cease issuing debt
 2. Transfer secondary market operation
 3. Corporate shell -- same as ADA

Phasing

1. Administration directed to commence consolidation of direct loan agencies for all programs under direct loans.
2. Establish subdistrict offices.
3. Turn over control and direct appropriations to ADA upon resolution of Board.
4. Immediate control of bonding of Authorities which have not issued debt

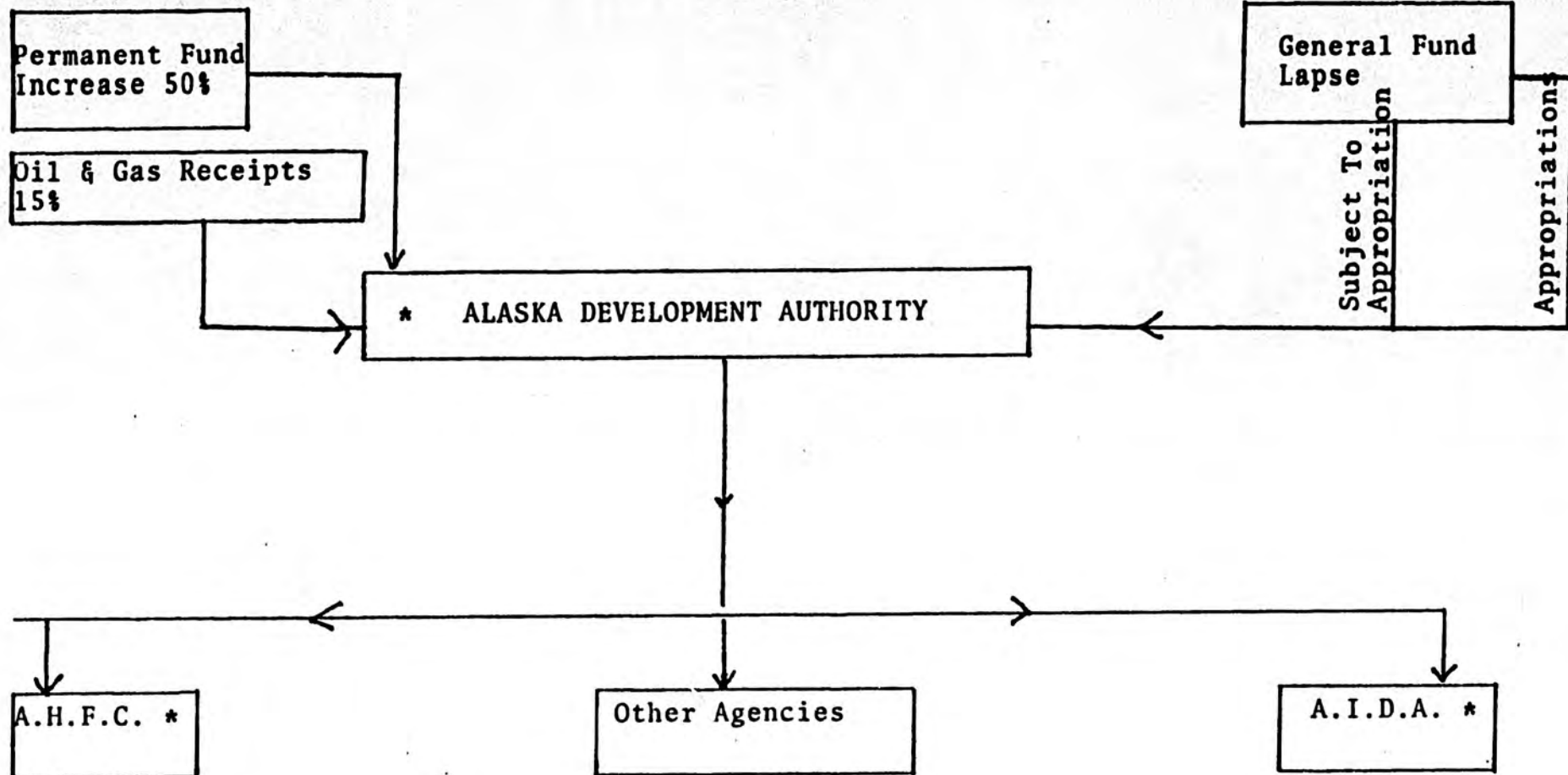
Alaska Power Authority

Alaska Medical Facilities -- if no program interruption
would take place

<u>Terms of Loan</u>	<u>Ratio to Value</u>	<u>Maximum Life of Loan - Years</u>	<u>Maximum Loan</u>	<u>Maximum</u>	<u>Comments or Direction</u>
Real Property-Commercial	90%	30			
Real Property-Residential	95%	30			
Equipment	80%	15			
Chattel	80%	7			
Working Capital	80%	1			
Individuals-Resident			\$1,000,000	10 Residents - \$10 Million	
Various Programs				Maximum amounts provided in various bills	
<u>Interest Approach</u>					
Senate 10/31/80				Cost to State plus 1% providing no arbitrage rules violated	
House approach includes				Maximum - top rate 10 1/2% - need direction 9 1/2% - need direction 8 1/2% - need direction	
				Phase maximum rates to encourage borrowers to wait	

<u>Funding</u>	<u>Agency</u>	<u>Comments or Direction</u>
Reference HCSSB 205 am H		
Sec. 1 \$123,710,000	AHFC as indicated	
Sec. 2 \$215,000,000 mortgages, notes	AHFC as indicated	
	Revise (c) unused balance to Alaska Development Authority	
Sec. 3 Nonconforming Loans \$10,000,000 - Direct Appropriation \$400,000	AHFC should be able to absorb -- through loans -- modification	
	Alaska Development Authority	
Sec. 4 Specific loan program Division of business loans \$81,000,000	As outlined	
Sec. 5 AIDA -- Enterprise Fund \$15,000,000	As outlined	
Sec. 6 AIDA -- Mortgage Note \$166,000,000	As indicated - revise (c) Unused balance to Alaska Development Authority	
Add Sec. 7 Appropriation \$500 Million	New Alaska Development Authority	
Mortgage Notes - Loan General Fund Balance 6/30/80	New Alaska Development Authority	

FLOW OF FUNDS



* At least one common member

*Sumner proposal
5/28/80*

General Subject: FCC on SB 1 (Loan Programs)

Present: Senators: Hohman, Sumner, Mulcahy

Reps: Cotten, Meekins, Hayes

Others - Bob Dupere, Hugh Malone, Bob Bettisworth,
Eric Wohlforth, Ken Vasser, Commissioner Williams,
Mike Duggan

Log #	Description
601	Call to order 8:25am (Hohman)
	Senate - Proposed list in response to Cotten request
614	Dupere overview
	Loans not financed by direct appropriation
	AI DA or ANFC
	Municipal bond bank to be left in place
	Alaska Power Authority
639	Dupere - now throwing financing ~~of~~ into
	projects A, B, C - mostly bond financing
659	Rural Housing projects proposed by House
	2ndary Market
	(S) proposed situation allowing direct appeal
	could get out of the banking situation
	if necessary
677	Agricultural loan act
689	Cotten - now we make direct approp. for agri. loans
	Dupere - your approp. to AK Renewable
	Resources Corp and they make the loan
690	Dupere on subsidized programs

en 1 Subject: FCC or SB 1 (Loan Programs)

log #	Description
709	Depere - Scholarship Loans p. 18
	Cotton - Special program - tuition grant program
720	Commercial Loan still under AIDA
	Fisherman Enhancement to new authority ADA
738	AHFC would utilize (N) program
	Sr. Citizen - ADA
	Veterans - AHFC - House initiative thru ADA
	Assume existing staff
	New Tape FCC 80 SB1 #6, Side 1
	Cotton Ouster area redevelopment
029	Depere - Alaska Bond Authority (Bond Bank)
042	Cotton - Present function of Bond Bank Authority
056	Depere - new initiative will make loans directly to municipalities. (new initiative ADA)
084	Reading of (N) initiatives
096	Cotton - Section repealed by (N) - Energy Bill
104	Depere - Tourism Dev. Fund
	Small Business Loans
	Historical Revolving Fund
121	Meekins - question Sec. 20 (Mining Loans?)
136	Meekins - start re: previous FCC compromise (loans to establishments where there will be no drinking)
182	Meekins - Compliment Depere on work accomplished

en 1 Subject: FCC 80 SB1 (Loan Programs)

Log #	Description
	Since last night.
197	Cotton - need to hear from other witnesses or state bond council
	Seimner - question re: exclusions
	Cotton - Concern re: the Bond Bank and AK. Power Authority as well as Sr. Citizen Housing but not certain they should be excluded
236	Gallagher and Wohlfarth before committee.
250	Wohlfarth - Bond Council
	Assure Bonds properly issued & legal
	Bond Security is the question!
275	Bond Bank acts in small issue purchase, packaging, and issuing bonds. Proper to appropriate 10% reserve. Gives money to smaller municipalities. The 10% serves original function of SB1.
309	Alaska Power Authority - Swan Lake & Sitka - \$30 million hydro project.
330	Other programs outlined not publicly financed to date - if funds made available to ADA
351	Frank Baer -
	Mixed credit vs. clearly defined credit
	Problem re: mixed bonds and tel exemption
	Advise holding bonds to single purpose.

en 1 Subject: FCC on SB1 (Loan Programs)

Page #	Description
400	Cotten - ADA packaging of bonds
417	Baer - Mgmt. decision re: mixing of bonds and application of IRS laws. G.O. Bonds are not usually tot problems
446	Gallagher - Financial Advisor to AIDA Student loans sold because they are basically overcollateralized. Need to see how you intend to make Loan Fund work
473	Cotten - If ADA includes Bond Bank how soon could they function.
487	Wahlforth - Need to establish security track record Alaska still does not enjoy A-1 rating on G.O. Bonds. ADA would go to strongest bond to establish security record. (Sr. Citizen Housing)
530	Gallagher - Stmt re: scholarship loans - collection record not good. Sr. Citizen Housing mostly grants. Non-conforming housing has potential. Agricultural Loan Act has \$600 yearly cash flow Fisheries Enhancement no substantial cash flow for 6 to 7 yrs. Veterans Outdoor Rec & Open Space - Grant
540	

Subject: FCC on SB 1 (Loan Programs)

Page #	Description
	Child Care Facilities
573	Callagher - What you're giving ADA have no cash flow - collateral spotty
589	Hages - comment munic. bond bank - how would that work.
596	Wohlforth - this is working well - reaching smaller communities all the time - building a good base.
602	What is investor going to look to:
	(1) quality & reliability of credit
	(2) substantive security
629	Callagher - Bond Bank fulfilling charge of Legislature
634	Sumner - Each one associated w/ state in past.
	Disqualified advise. - Open mind on subject
	Two days ago occurred to you that this type of financing was available - you have been at disservice to the state.
659	Wohlforth - Stmt. re: technical difference between Wohlforth & Deere - small issue financing.
671	Wohlforth - not mistaken on main point.
678	Sumner - for three yrs. attempting to get small Alaska businesses under AIDA - serious economic problems.
691	Wohlforth - (N) bill does expand AIDA ^{bond} authority to small issue purposes and additional

en 1 Subject: FCC on SBI (Loan Programs)

log #	Description
	security in the statute. Perhaps I should have been more aggressive in pushing that.
712	Gallagher stmt. re. AIDA.
	Sumner- How many dollars have we put in market today?
721	Gallagher- Legis. has not appropriated one dollar. Commissioner of Revenue has so invested surplus.
731	McKens - stick to the issues - all concerned with problem of need for loans. Philosophical differences over how to proceed in effecting such loan programs.
747	Baer- 75 - 25 concept. Reverse tape FCC-80 SBI #6, Side 2
013	Use key non-exempt person or exempt facility.
047	Baer- stmt. re: housing for low income families. \$1 of taxable backed up w/ \$3 of exempt.
073	Rulings of IRS
081	Cotton- If we can go to market w/ large ^{issue} ~~market~~ and gain exemption? Could AIDA do that? If it went to IRS could it get a ruling?
12	Baer- Work has to be done to get word to IRS will not give generic determination of concept?

en 1 Subject: FCC-80 SBI (Loan Programs)

pg #	Description
	Could ADA market bond to take advantage of 25%
152	Dupire response
163	(N) initiative - pool and then bond issue is taxable bond Municipals, student loans, power projects are tax exempt.
189	Wohlforth - Need for security to be uniform for all of the debt.
208	Baer - Could try combining bond bank w/ ADA but should not count on getting away with that for long.
236	Meekins - Summary Senate Bill - might be delay because innovative and then become taxable (mixed bonds) House Bill - already taxable.
265	Gallagher - (N) approach has always been tax exempt. Dupire - Sell bonds commercial loans Present to IRS
287	Gallagher - no do not go through IRS
296	Dupire - now saying (S) 1978 package could happen now because you're going to make it happen.
316	Wohlforth - no small issue financing tax exempt there were other legal problems w/ 78 Senate Bill

en 1 Subject: FCC 80 SBI (Loan Programs)

og #	Description
330	Meekins - Disagreement between those testifying as to whether (N) + (S) bonds taxable
345	Wohlforth - Approach of (S) bill to categorize reserve funds. (N) bill extremely flexible since it does not particularize funding.
367	Devere - Problem w/ developing a program which is easy to sell or one which hits the target.
390	Devere - (S) Revenue Bonds go thru Bond Committee Too many bond issuing authorities for size of state. Advise of Morgan Guaranty (S) summarizes Morgan advise
417	Devere - cannot get IRS commitment - must present program package. Need for first step. Could take 6 mos.
449	Cotton - what would see as first package
456	Devere - student loans (they are fully funded) then Power Projects and Principals Could package alone or together. When market is good put together mixed issue When market is slow use single issue.
464	Meekins - no objection to trying concept - no downside risk Flow of funding integral part - how much?

Subject: FCC on SB1 (Loan Programs)

Log #	Description
503	Dupere - Stmt. re: cash flow and mechanism to fill in for loss.
521	\$150 million cash fund needed for start up.
530	Meekins is that a promise Perman Fund earnings 50% Oil & Gas receipts 15%
542	Dupere - all three would be necessary. Possible need for court case to determine constitutionality.
558	Meekins - can legis. unhook this cash flow if necessary.
568	Dupere - Stream flow of bonds Meekins - would commitment be necessary for "x" no. of years through bond hook-up.
583	Wahlforth - If \$200 million in bonds were hooked up it would not be advisable to change.
611	Meekins - concern that hook up of income stream could not be uncoupled. If we have \$300 million income a year could do a lot of bonding. Assume programs were - what would we get.
635	Dupere - Subsidies would require more in reserve
640	Meekins - question re: term
647	Dupere - reading of bill re: allocated reserve.

en 1 Subject: FCC on SB1 (Loan Programs)

pg #	Description
	account.
663	Summer- move to decide whether or not to adopt concept.
670	Hayes- (5) proposal provides uninterrupted commitment of these funds. Gov.'s possible veto. - How will we get around - Fly bill in face of veto? Pass two bills - (N) + (5)?
684	Summer- Propose to use budget approach if fed. funds not available - use Federal Funds Would prop. (5) cash flow / w understanding that Gen. Funds be used instead.
709	Cotton - prog. would not be as strong w/o dedicated funds. Confuse re: ADA and what it would take to bond. Student, music, power. Begin considering commercial loans.
731	Cotton- ^{tie} ~~tie~~ in of loan programs to solving state economic situation. Separate the issues. ADA on its own and housing loans separate (AHFC). Put two bills out.
750	Summer- Could be done but does not contain flexibility I would hope for.

en 1 Subject: FCC on SBI (Loan Programs)

og # Description

- New tape FCC-80 #7 Side 1
- 041 Sumner- concern for pit falls and delay. Failure to address economic need.
- 036 Cotton- Pitfall in form of Gov. veto
- 065 Sumner- Concerned about attempt to circumvent new bonding approach. Need to set up corporation and allow it chance to solve problem - no greater risk involved.
- 102 Cotton- perhaps no greater risk but there is greater commitment.
- 121 Recess 10:15 am - Reconvene 11¹⁰ am
- Sumner: Proposed to conceptually to work on S' proposal w/ following understanding: Create legis prog; limit authority not to exceed \$250M; drafter's come up w/ this draft - in meantime proceed w/ rest of bill and hold those areas where differences.
- 168 Cotton: At ease 11¹² am - 11²¹ am
- Sumner: Questioned if Vasser understood his concept handout re: AHFC - Draft w/ legis control of funds coming in to AIDA - Draft w/ regard to veto-proof ability
- Dupere: Q: \$250M of new bonding?
- Sumner: Not to obligate State beyond \$250M - Any obj to this direction
- 258 Meekins: Economic powers of Board addressed.

en 1 Subject:

FCC SB 1 (Loan Programs)

og #

Description

265 Summer: Not writing "soft loans" - legitimate entry into loans
Meekins: \$150M cash re: this entry - Don't think we have to find this

Doogan: \$24M would be the total

Summer: Point accepted

320 Hohman: Suggest base ^{actions on} HCS for GS SS SB 1 - Vasser to take direction now re: concepts, then draft

356 Hohman: p 1-10 - Move adopt p 11-31

Meekins: Made unanimous consent (AHFC) No objection

Hayes: Propose am to p 12, line 1, (copy of am) *

419 Hohman: Move, money involving loan fund be adopted

Meekins & Cotten: Obj

430 Hayes: Changes \$24M to \$104.5M *

445 Meekins: \$24M to go same rates & terms, this expands to \$104.0

This bal of \$80M would go anyway - Question of disqualifying

Additional interest subsidy on about \$50M - High-income Vets

Only reducing interest rate 1%

487 Summer: Not in favor of split interest rate & will propose same rate

Cotten: This am was offered in HFC & he opposed this (priority)

Hayes: 17-4 did fail in HFC - Discussion

561 Summer: Am Rep Hayes motion to include (copy)

line 7, p 27: After "AS 1856.101"

lines 9-11 Delete lang and insert "9 1/2% everyone

Cotten: Ob

Question: Summer and failed

Subject: FCC SB 1 (Loan Programs)

Log #	Description
	Question main motion: Meekins Mulcahy favor; Cotten opposed <u>PASSED</u>
598	Mulcahy: Move p 13, line 6: Delete "2" + insert "3"; Cotten: Ob *
	Cotten: Obj to Sumner's previous motion
646	Cotten: Re: # of the Board
	Sumner: Am Mulcahy's motion to "4"
657	Meekins: At ease 11 ⁵⁵ am - 11 ⁵⁸ am
	Sumner: Withdraw his am + support Mulcahy
	Meekins: Obj + explained Question: 4 favor; 1 opposed <u>PASSED</u> (Meekins)
680	Hollman: Q of Vasser: p 13 (term of office)
	Recess 12 noon till 1:30 pm
	After Recess
001	<u>TAPE #7 START SIDES</u> CALLED TO ORDER 2:10 pm.
	RES: SEN: MULCATHY, HOLLMAN, SUMNER
	REP: COTTEN, MECKINS, HAYES
001	pg. 26 - ~~AA~~ LINE 12 - amendment (MULCATHY)
	MULCATHY - ADDRESSER RE-fin
	AFTER "of" INSERT "ENTIRE OUTSTANDING BALANCE"
	MECKINS - COULD REFINANCE WHOLE HOME
	MULCATHY - YES - OUTST. BAL + COST OF IMPROVEMENTS
	DOESN'T CHANGE
	SUMNER: Refin. for purposes of equity?
76	COTTEN: 1
	MULCATHY: READ IN TEXT -

Subject: FCC SB 1 (Loan Programs)

pg #	Description
90	MUL: Equity - how it works. COT: ONLY WHAT HE OWES IS WHAT GETS REFIN? + COST OF IMPROVEMENTS? MUL: YES - THE HARRMAN ASKED SUMNER TO CLARIFY -
135	SUMNER: If = 5.0 WORK ON MY HOME - REMOVE REFIN. & PUT EQUITY IN MY POCKET? MULC: NO. SUMNER: MOVED TO ADOPT AMENDMENT. p.26 Line 12 HARRMAN OTHER PORTION OF AMEND. = ~~REMOVED~~ - 1st 2 PARTS
196	MULCANY - RESPOND TO COTEN & ON 3rd PORTION OF MULCANY'S
212	MEEKINS - ~~ASKED~~ ^{GAVE} EX. TO CLARIFY
231	MEEKINS - " 3RD EX. " (DON'T NECESS NEED equity) MULCANY -
268	SUMNER - ~~EX. & RE~~ THIS AMENDMENT p.26 Line 12 MEEKINS ASKED ERIC ~~WORTH~~ ^{WORTH} FOR COMMENT.
293	MULCANY: RESP. THAT WAS NOT INTENT OF AMEND. COTEN'S COMMENT - SUMNER REMOVED MOTION
3	MULCANY - STATED INTENT OF HIS AMENDMENT - COTEN - DATA THAT WAS STUDIED EARLIER. 3.2 bil. AIXH ABOVE - PEOPLE NOT ABLE TO GET IN REGULAR PROG - FINE - BUT...

ene Subject:

f.c.c. SB1 (loan prog.)

log #	Description
364	HAYES: COMMENT - REFUTATION - THE WORK OF "PENDING" ^{priority}
381	MULC: BUREAU BOND ISSUE - REPR. 15-2 (50%?) OF TOTAL COULD INCLUDE LETTER OF INTENT PRIORITIES SHOULD BE FUNDING, REMAINING LAST PRIORITY REFUTATION.
404	MEEKINS - STATED DIFF. BETWEEN HS BILL & PROPOSAL.
416	COTEN - LANGUAGE IN HS. BILL - SHOULD ESTABLISH PRIORITIES MTN - G = ALL IN FAVOR FAVOR HAYES, MULC
	NT FVR = COTEN, MEEKINS, SUMNER MTN FAILED
441	MULCANY = p. 16 ^{on} ALLOCATIONS COTEN - p. 30 THINK THAT POINT WAS ADDRESSED. MULC - NO OBJ. TO LOCATION OF LANGUAGE... HAYES - WORKING OF "FORWARD" COMMITMENTS" ASKED IF JACK UNION
	MEEKINS - ASKED FIRST FOR SIMPLE EXPL.
481	MULC - EXPL TO MEEKINS
490	LINTON - EXEC. DIR. - AR HEAVY FIN CORP - LG OF HS PORTION OF BILL - COMMENT... - ~~LANGUAGE~~ ALLOCATION - ASKED HOW THE AMEND- WOULD SPEED UP PROCESSING OF APPLICATIONS
515	MULCANY - RESPONSE

ene Subject: SB.1 FCC (Loan prog.)

pg #	Description
528	MULLAN. RESP. FURTHER - ASKED TO W/D AMENDMENT TO GET MECHANICS MORE SETTLED. NO OBJ.
548	MULLAN - ONE MORE AMENDMENT P. 26, LINE 14 HS VERSION UNDER "RESIDENTS" #3 - PROVIDE FOR REFIN UP TO 80% OF VALUE OF RESIDENCE. FURTHER COMMENT.
570	COTTON - COMMENT ON PRIORITIZATION WOULD WORK - WAIT TO END OF YEAR? PROBABILITY THAT HS PROJ ARE RIGHT OR LOW.
587	MULLAN.
597	MEERKINS - PAST DRAWING W/ AERL - COST TO STATE WAS MINIMUM. NOW MUCH OF HS. BILL REQUIRE APPROPRIATION. 5.5% WOULD BE SUBSIDIZED (WEALTH TRANSFER FROM ST. TO INDIVIDUALS - BY LOWERING THEIR MO. PYMTS) WE SHOULD BE CONSIDERED ABOUT NATURE OF THIS TRANSFER. THIS MONEY <u>ONLY</u> GOES TO THOSE PEOPLE WHO BUY HOMES OR REFINANCE.
650	OBJ TO AMEND. ON THAT BASIS.
650	MULLAN - UNDERSTOOD - BUT SOME ALASKANS HAVE LOANS AT 14-15% - OTHERS 9.5% - SO WE SHOULD ADDRESS <u>TOTAL</u> HOUSING PROGRAM PROBLEM IN AK.

en Subject:

FCC SB1 (Loan Prog.)

pg #	Description
685	I b p f... priority etc.
696	COTEN - COMMENT - ASKED TO COME BACK TO ISSUE LATER. SUMNER - MVD AM. Hm. - Q - favor Hayes; Sum, Hm, Mule. Not in favor. Coten MK MTN fLD
714	SUMNER: BROUGHT UP "MINING REVOLVING LOAN FUND" COTEN - Q p.2 9"D " = BU 2 WK PERIOD FAHREN - RESPONSE TAPE #8 Side 1
05	COTEN Q p.3 Sec. D (PLASER MINERS)
11	FAHREN = RESPONSE = COTEN: Q CAPITALIZATION OF LOAN PROG. SUMNER - HAYES -
59	FAHREN - RESPONSE RECESS 3:00 pm AFTER RECESS
67	CALLED TO ORDER 5:35 PRES: SEN: ALL PRES REP: OTHERS: HM - MIN. REV IN FUN THERE WAS MOTION TO ADOPT, SUMNER OBJECTED COTEN: AM. ON CAP. OF FUNDS?

en 1 Subject: FCC SB1

og # Description

94 GALLAGHER TESTIFY

(GALL - MINERS WANT REVOLV. LOAN FUND IN DEPT. COMM.
DURING
INTERIM WED WRITE REGS FOR ABL TO FIT
PROGR.

120 COTTER: ON REVIEW - AGREED OK - LIKE FISHING LOAN.
ON AMTS FOR A \$5 mil AMT.

140 BOB? (BALD, GLASSES) - EX. FBKS HARD ROCK MINE -
LACK OF SMELT: FOR \$5 MIL - 200 TON
MILL - CUSTOM - 10-15 MI. RADII -
GET ECONOMY GOING.

162 GALLAGHER = THE DEPT NEEDS \$40.0 TO ADMIN PROJ.

170 MEEKINS = IS THIS A WELFARE OR LOAN PROG?

180 BOB? = IN PAST THERE WAS PROSPECTOR'S GRANT PROG.
THE MINERS WANT ABLNS TO GET IT GOING

197 MKNS = 5 YEAR CLAUSE?

BOB = UNDER ABLT - IF THEY'RE MAKING \$, THEY
WILL BEGIN REPAYMENT.

WE KNOW PRETTY MUCH WHERE GOLD IS.

FAHREN = THIS IS FOR ADVANCED DRILLING ON
KNOWN DEPOSITS.

240 SUMNER - 1ST 2 PPS - VERY EXPLICIT.

FAHREN - THIS ISN'T HI-RISK LIKE OLD PROSP. ^{GRANT} ~~LOAN~~.

MKNS - WOULD TO DELETE "PUR. OF COM. OF REV.
TO PURCHASE LOAN AT ANY TIME.

Subject: FCC 881

31	Description
322	LAST ~~9~~ , SEC B (THT 9 ON TOP)
	FAHREN - YES, THAT IS "BOILER PLATE" LANGUAGE - OK
	MAY'S - SO HIS POWERS OVER SURPLUS FUNDS WILL BE REMOVED.
310	COTEN - THIS WAY
	FAHREN - NO PROB.
	SUMAN - ~~WAGN~~ ASKED WAGN COALS
	HAM - (NO OBJ)
330	COTEN - 9 C, D.3 ASKED FOR EXP.
346	SUMNER: EXPLAINED
	MEERINS - ASKED WAGN (COMMERCE & ED)
	FOR HIS OPINION
	WAGN - (1 st , THE \$40.0 FIG. DOES NOT COME FROM DEPT. OF COMMERCE)
	ON HIS VERSION P 33 LINE 9
	MINI IS SPECIF. INK. (ADA)
378	COTEN - 1 EXCEPTION - THE 5 YR. GRACE PERIOD.
	WAGN - DISAGREED W/ SEPARATE LOAN FUNDS
	ADA DOESN'T WANT.
407	FAHREN - COMMENT ON SEPARATE LOANS - NONE
	HAVE BEEN MADE TO MINI SO FAR
423	MEERINS - "DISCOUNTING ^(PRINCIPAL?) PRESENT VALUE" CONCEPT
435	WAGN - RESPONSE.

Subject: full SB 1

g #	Description
440	MKNB - G - EX. FISH HATCHERY VS MINING PAY BACK - 5 YEARS.
451	WAGNON - RESPONSE. COTTEN - HATCHES NON-PROFIT SUMNER - COMMENT - SHOULD MOVE AMENDMENT
472	HOLDSWORTH - MOST MINE AK IS PLACER HARDER YR-RAD BUT TAKES TIME TO GET EDING
480	MKNB - SEC D P. 3 - PROBLEM W/ DRAFTING "SHALL" BE _____ EVEN IF HE COULD RE-PAY IMMED. HE ISN'T REQUIRED. SUM = MOVED "NOT LATER THAN" AFTER " ~~BEGINS~~ ONE YEAR..."
	MKNB - ASKED UN. CON HAM - (NO) OBJ
514	COTTEN - ON "ONE YR AFT DT MIN PROD BEGINS." NOT ENOUGH TIME EITHER. (EVERYTHAT BUT PLACER MINES)
	SUMNER
	COTTEN - "NO LATER THAN"
	HAM = "Q" ON ENTIRE HAM
	HAMU = FVR ALL EXC SUMNER (2)
5	MKNB = ON "NOT LATER THAN" "OF 2ND PLACER MINE SEASON AFTER..." GIVE DEPT. ABILITY TO EXTEND?

Subject: ILL SB1

#	Description
580	~~HAM~~ COTTEN - ^{MOVED} AM. p. 29 LINE 30 DELETE "HONORABLE" ONE IS CLEAN-UP ~~LINE~~ INSERT "DISHONORABLE" LINE 29, p. 29 - Add "AFTER ARMED SEATH" "IN ARKLA" ~~DELETES~~
	HAM: (NO OBJ)
671	DISCUSSION ON AMENDMENT. p. 1-31 AND ~~DISCUSSION~~ OF THOSE PAGES (COTTEN, HAM, MKNS) MEEKINS THOUGHT THEY HAD ADOPTED HS. LANGUAGE SUM = THE MOTION WAS TO ACCEPT THE PAGES, BUT NOT THE AMENDMENTS.
	COTTEN - OK
	HAM: REP. HAYES - AM ^{"duplex, insert"}
671	HAYES - MVD p. 27, LINE 29, DELETES "4 UNIT RESID" MK = OBJ.
	HAM:
690	SUM - VOTE ON MOTION (HAM GONE) FOR COTTEN, MKN, SUM OPP MULE - HAYES MTN. FLD.
704	HAYES p. 27 Delete 22, 23, 24. exph. am. MVD, ASKED UN. CNST
71	MEEKINS - OBJ. (BIG GUY, BROWN HAIR) HAYES - ASKED MR. BERRY (?) TO COMMENT SUM

Subject:

Pg #	Description
008	MEEKINS - COMMENT ABOUT CHANGING INTEREST RATES. RAISING.
27	WOLFORTH - TO INCORP. IT - SHOULD DELETE SENTENCE. "ASSUMPTIONS CANNOT BE PROHIBITED" COTEN - GAVE EX.
72	WOLFORTH - RESPONSE - SUMNER - ASKED ABOUT ANOTHER POSS. AMENDMENT. COTEN - ASKED TO DEFER AM. IN Q. AND CONSIDER IT W/ SUMNER'S. HAYES / SUMNER - OK W/ THEM.
120	MEEKINS - COMMENT ON ABUSE OF ASSUMPTION. SHOULD PROHIBIT "ASSUMP" FOR THAT PURPOSE. YET, SHOULD RETAIN BENEFIT.
144	BEREY - COMMENT WOLFORTH - "
165	MEEKINS - "PROHIB ASSUMPTIONS FOR PURPOSES OF SPECIFIC" EVERYBODY AGREED THAT WAS OK.
185	HAYES - ONE MORE AM. LCL COMMUNITY OPTION MUD - VN CNST
	SUMN - OBJ.
	STERLING GALLAGHER - EXPL. AM. - ABILITY TO SELL A BOND TO LOCAL COMMUNITY. (SIT. FBKS)
200	SUM - ASKED FOR NEG. SIDE. GALLAGHER - NONE. WOLFORTH - OK (FBKS ISSUE) - ~~SEE~~ THE AM. WLD NOT ACHIEVE ITS PURPOSE. HIC OR MARKET IS THE WAY.

Side 2

General Subject:

9 # Description

248 Wolffth - citiz of city shld be able to chose wh
int rate they want
its anti-compet & ineffec.

270 Bob? = feels am. no nec.

• FVR Hayes mk

OPP Sun, mule, cotton

(Other = Q on language by Mule. on this
section - prefer consid all am. one time

Hayes: no prob.

30 Mike Dwyer handed out varied am.

#1 melone - mvd to last

#2) PREP. by apt
#3) WAGNER to expl.

Hayes: acceptq am. part p. 31?

Sun: lets do them all, then adopt them
officially when we adopt pages

Wagner -
Wolffth) Technical

(#1) p. 33 line 10

36

32

39

41

48

1

4-6

25

14 - not tech.

Technical

8
side 2

Subject:

Description

578 MKNS - mvc on technical

sum - no obj ~~one~~

Wagon - p. 48; l. 14

change "—" to "occupant"

Sum: This would encourage more private activity

Wagon: yes, there should be control to avoid speculation, a policy dec.

Sum: 6 = outside of Ark.?

Wolfe: ^{no} residency requirement (hope com. does not mk resid. reqmt.)

Wagon: Want to create jobs & facil.

437 MKNS: would efft # of people from out-of-state?

Wolfe: increase.

450 Hayes: comment on poss. of those taking advantage of this prog.

Sum: mvd am

MK: objWagon: St. prog. says it must be owner occupied or owner utiliz if not ^{owner} occup.
Could support am. if ~~it~~ financ. viability is shown.480 Hayes - normal financing have requirements on occupancy. comment on prob. w/ people finding ^{permanent} ~~short-term~~ financing. Supp. am.

Subject: FCC SB 1

- 9 # Hohman ret'd Description
- 503 Sum: ^{more} control than implied - ext - pt. of phg?
Supp. am.
- 515 Cotton - language to require if they don't
occupy, then, show leasing contract?
- 527 Wolford: response detailed
Sumner - geogr. lta could change - favored
rather than statute.
p. 48, lines 6, 7 need to be
changed for consistency
- 530 ~~Hohman~~ (Sumner "expld. adoption of pp 5 am. to Hbm")
Meekins MVC
Hh: no obj am. adptd
- Wagner - am p 52 line 5 & 6
defines project applic
mk - MVC - adopt
Hm: no obj am. adptd
- 584 Wlfth: am. to McKinnon, Others H13 205.
Cotton - one techn am. offered by staff.
p. 57, line 27.
- Doogan - prop. by Dept C & RA (Ken Vasser)
elem. Sec. C. and insert this
as definition as to -- non-conform

side 2

Subject:

FCC SB-1

g # Description

624 Mkns - asked abt ruling commences.
Sum = asked to hold that desc.

635 - back to amendment.
Dupere - its a description of a restricted deed
rec'd adptn.

645 Hm: gave ex. prob.
Dupere: expl. more detail w/ ex.

671 Hayes - think good amendment
Dupere - marketable title, in definitions of
this program.

690 Mk: MUC
Hm (no dir) - am adptd

694 Hayes - p. 35 - am. adding (or goals)
intent "commercial real estate"
between "

707 Mkns - Q on am. =
Hayes: expl.

711 Watforth = This is covered in Act - am.
not needed.

Hayes - w/D amend

712 Hayes - next am - p. 50 line 5
definition of business enterprise
(SB 378, HB 661) allows (non-profit)
corp. in defn of bus. enterprise

Side 1

Subject: FCC SB 1

#	Description
003	Hayes - cont'd MUC
	Cotten - obj asked for Wagnon
28	Wagnon - opposed to amend. one of purposes is to employ people in private sector, non-profit, no. This should help profit-making enterprises.
	Mk: asked for Q
	Hth: FVR: Hayes, MUC, Sum
	OPP: Hm, Cotten, Mkns
	Mkns: MUC for review. no obj.
107	7:30 pm. Recess til 8:30
130	AFTER RECESS - CALLED TO ORDER 4:05
	SEN: SUMNER, HOBMAN, MULCAHY
	PRES: HS: HAYES, COTTEN, MEELING
	Hobman am. p. 52, L. 15 Hayes moved
	amendment "10" to "20"
	Hayes explained amendment. Disc.
103	meekins change sale to income
	Cotten comments
211	Sumner needs retirement - "gross sales tax"
	doesn't mean anything
	Baldwin.
	Wagnon explained language - copied from SBT
	suggested changing "sales" to "revenue" Disc.

Subject:

FCC SB 1

g #	Description
269	Smnr - moved delete "sales" insert "income" Disc. ~~on~~ on definition of gross sales (Cotten, Baer, Cortney).
317	Wagnon - gross income standard accounting term
344	Further disc. Hayes asked U.C. Cotten obj. make sure acting in same manner as Fed. govt - Reserve Vote for answer. HELD. Sumner comments. Dollar Amnt. out of am.
388	Malone amendment - P. 46 L6+7. Explained obj - to provide market cash + make clear program is not going. Sumner requested example - Malone response.
484	Wagnon comments on am. - dif. philosophy
503	Sumner comments/Wagnon would like flexibility if he has loan he cannot bond. Disc. Wohlforth comments - loans that may not be bondable.
553	Cotten/Wagnon
568	Wohlforth "which are or are antic to be finan thru proceeds of bonds (Sug. lang)
574	Malone - don't obj to Wohlforth am/ but think money shld be used primarily for that purpose.

FCC #9 - Side 1 + 2

Subject: FCC SB 1

Page #	Description
600	malone Cnstr. inc. in Com. Rpt. that intent meekins - lang. to purch. loans sent to bond market? Wohlforth comments.
	~~malone~~ acct ^{also} permits pledge of loans.
636	Sumner - this is basically a portfolio account. malone - nothing in Sec. 158 to prevent finance w/bond issue. #
	Hohman removed obj to motion - malone. an Sumner obj. sug inserting "tax exempt" before "bond sales" - in malone. am.
690	meekins: sug move am + lang to allow them to do special cases. (give examples). Sumner opposed that.
710	malone - re: Sumner sug - next para also has to be looked at. talking about a yield in taxable bond market = am would take out L. 6+7. intent is aimed at different purpose.
	Tape change FCC 80-9 <u>Side 2</u>
001	malone comments
300	meekins drafting problem - am. would delete all lang after citation. delete L 6+7. on L. 3 "only for purpose of purchasing loans in advance of bond sales.

FCC 80-9 Side 2

ner Subject:

FCC #581

g #	Description
76	Sumner - Held - work on drafting.
90	Sumner moved address am. attached to bill.
	Disc. meekins sug. accepting base first.
111	Mulcahy - 2 am "on table" earlier.
	2nd 1/2 of am - allows corp. to make.
	monthly forward commitments.
	Cotten / mule's commitment would be at fixed
	rate. Explained. Cotten - good to "extent."
	money is available.
200	Malone - "shall" = sug. "may". Mule = shall
276	meekins - don't understand why we want - then
	to do this. mule. - idea is. for an
	allocation to be set up for each
	institution = this binds ~~exp~~ amount
	of money to fin. instit. Sumner comments.
306	~~Coffman~~ - Sumner / meekins disc.
330	Hayes - defend earlier am = don't think
	mule. am looks on to that. Disc.
	Hayes request. am be wld + let him
	intro. his lif defeated support mule's.
	Hayes "First come, first serve" am.
370	Cotten - think we should see all
	proposals before we decide a loc.
378	meekins comments.

Subject: FCC ~~1800~~ 5B1

Pg #	Description
381	Hayes moved am. u.c. meekins obj.
	Hayes explained am.
400	Cotten - earlier am solving problem of 2xs loans
	as money processed. Sumner comments on 1st ^{come} _{serve}
419	Allen = believe present lang. affects larger
	banks - not in public interest to
	allocate - doesn't create competition.
	if Public is aware on monthly basis
	of funds available - don't think you'd have
	scarc problem. Go back to supply/demand
	theory.
426	meekins - st. prov ^{ing} 2ndary mkt comments
	size of bank not relevant.
515	Allen - ~~g~~ Repres. small bank - support Hayes am.
	also think adv. commit. idea is good.
535	~~g~~ : Cotten g. lang. = Allen banks shld
	be required to report on daily basis -
	not sug. final commit - banks make
	approval.
565	mule. concerns rural banks w/o sophistication
591	Cotten = alloc system not necessarily to
	largest bank.
606	Coffman - Savings Loans in AK - Spokesman
	1st come/serve doesn't solve problems.

Fcc 80-9 Side 2
Fcc 80-10 Side 1

Subject:

FCC SB 1

g #	Description
	① Encouraging builders to build w/o commit
	② time for approval of loans
641	~~641~~ Linton: 1st come/serve if \$500m
	is gone by Dec - could happen w/o
655	alloc. system. ALLEN response
671	Sumner: alloc. some way other than size?
	ALLEN 25% alloc / 75% 1st come/serve
682	meekins comments not relevant = proposed
	lang broad.
697	~~697~~ Sumner: Address alloc? Disc.
718	Johnson: Adv. cond. commit - ~~for~~ for X
	# days. ~~that~~ ← suggestion
Tape Change	
FCC SB 1 #80-10	
01	Disc. on Johnson recommendation (Johnson, Linton, Coffman, Allen)
150	Q: for: meek, Hayes
	Op: Cotten, Hoffman
	Motion failed
163	mulc am - forward commit.
	Q: for: Sellen Rmulkahy
	Op: Rmeekins,
	Failed

FCC 80-10 side 1

Subject:

FCC SBI

Pg #	Description
178	Sumner am: 1st come/serve down to 100m\$ left - then alloc.
185	meekins comments / Cotten
207	meekins - tec. problem - time they get funds from bond market. Wohl - money borrowed at beginning of year.
241	Sumn: moved am
263	Recess: A Sumner moved first come first serve for first 80% of issue, + allocate the next 20%. Re: first come - date loan processed for financial instit. will be date for determining money available for processing or making loans. issue
290	Malone: Market shares basis presently A.H.F.C.? Linton correct malone - ~~state~~ think other alloc. systems might be more equitable. / Sumner comments.
334	Alloc: Sumn am: ~~last 20% of allocation should be made~~ ~~6 9 1 6 8 - 2 80%~~ on basis of their participation in the first 80%.