MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 19, 1985

The twenty-fourth meeting of the Business & Industry Committee met on February 19 in Room 410 of the Capitol Building at 10 a.m. The meeting was called to order by Chairman Mike Halligan.

ROLL CALL: All committee members were present except for Senator Neuman who was excused.

CONSIDERATION OF SENATE BILL 363: Senator Ed Smith, Senate District 10 of Dagmar, is the chief sponsor of this bill which would expand the repurchase of inventory requirements of cancelled dealership contracts to include cancelled distribution contracts or wholesalers to a bill which was passed last session.

PROPONENTS: A letter in support of Senate Bill 363 was submitted by Senator Smith from Blake Wordal, from the Montana Hardware and Implement Dealers' Association. (EXHIBIT 1) Dick Milligan, of Midland Implement Company in Billings, a wholesaler who sells to retail dealers across the state, feels they are subjected to the same type of problems that implement dealers are and favor this legislation. Often a manufacturer will cancel contracts and put them in a bind with outdated equipment. He submitted a letter from Gareld Krieg, an attorney from Billings with some suggestions for a possible amendment. (EXHIBIT 2) Dennis Hove, of Hove, Inc. of Billings, favors the bill passed last session and would like to see the wholesalers included also. (EXHIBIT 3) Jerry Young, with Renn in Billings, a wholesaler, feels they can give more support to the retailer if they have the benefits of this bill. (EXHIBIT 4)

OPPONENTS: There were no opponents to this bill.

Questions were then called for from the committee. Senator Christiaens wanted to know how the aged inventory was handled now and was told it was explained in the original bill. If it is listed and in the book, that is what the manufacturer would take on. Senator Thayer asked if this included chemicals and was told it did not. In closing Senator Smith said the bill will just add the wholesalers to the law passed two years ago. The hearing was closed on Senate Bill 363.

CONSIDERATION OF SENATE BILL 408: Senator Gene Thayer, Senate District 19, Great Falls, stated this bill was drafted as a committee bill for Business & Industry and it just addresses a law passed in 1983 which neglected to exempt transactions by capital companies from salesman and issuer registration provisions of the securities act.

PROPONENTS: Dale Harris, Deputy Director of the Economic Development Board, explained it just provides exemption for salesmen and was overlooked last session when the measure was passed.

OPPONENTS: There were no opponents.

Questions were then called for from the committee. There were none.

DISPOSITION OF SENATE BILL 408: Senator Boylan moved that Senate Bill 408 DO PASS. The motion carried.

CONSIDERATION OF SENATE BILL 413: Senator Mike Halligan, Senate District 29, Missoula, stated this bill would provide for a guaranty of local government revenue bonds. This bill will provide for funding the guaranties from the Montana In-State Investment Fund. He explained in 1983 the Municipal Finance Consolidation Act was passed which dealth with the infrastructure side of construction at the local level. This bill would allow for a pooling of bonds for better marketing ability. The bill was never fully put into use and so this legislation would also allow a guarantee for local government bond issues.

PROPONENTS: Chairman Halligan introduced Robert Mullendore, an attorney practicing in Helena and Missoula, and author of this bill to explain it in more detai. He explained that Senate Bill 403 is the companion to this bill and provides for the administration of the program. He stated this bill will cure come of the defects that were left in the bond banking bill and provide for new consolidated administration for the bonding program and guaranty program. The revenue bond guaranty act, Senate Bill 413, would allow the in-state investment fund portion of the coal severance tax trust fund to be used to guarantee local revenue bonds which are issued for purposes to build infrastructure that would be conducive to local development. The revenue bonds that are eligible for issue have to have revenue streams attached to them and would have to be self-supporting. They have to be revenue bonds, not general obligation bonds and are not available for SID bonds. It would be easier to sell bonds and enable some projects to be built that otherwise would not be. It would allow bonds to be sold and the trust fund used to support the simultaneous development of projects around the state. It would increase the chance too that the investment fund would never have to be used. The payment of the guaranty, if necessary, would be out of the trust fund. He felt this was the way the trust fund was originally set up. There might be an alternative to earmark a separate portion just for local revenue bonds. He feels using the trust fund to guarantee business funds raises some policy issues and that it was originally set up for local public projects more than business loans. Senate Bill 403 proposes to set up a new board called the Community Development

Board which would be more geared toward local projects. He explained Senate Bill 403 would cure the defects in the bond bank bill passed in 1983. There were restrictions such as the $500,000 ceiling to any one borrower and this would raise this to $1 million. It would also add in a moral obligation feature to the bond bank bill. Dan Kemmis, representing the Community Economic Development Coalition, feels after dealing with Initiative 95 that there should be a greater local role in development throughout the state for economic growth, This bill would make available some of the leverage that the state has and give a boost to local economies. (EXHIBIT 5)

OPPONENTS: Dale Harris, Deputy Director of the Economic Development Board, opposes Senate Bill 413. This bill would produce a brand new program that the Economic Board would administer and Senate Bill 403 shifts that program to the new board and also some of the existing programs in the municipal bond act. He stated the bill states that it can guarantee projects even if they anticipate these projects will not be self-supporting. He did not agree with this. They had evidence that the revenue bonds do sell well in the state on their own with less costs of issuance. He feels if local governments wants these projects it would be more appropriate for the local government to apply the guarantee then with a source of their own. He also felt there were technical problems with the bill. He felt the present statute very clearly states it is for businesses in Montana and not for local government projects. He does not feel the program would be self-supporting. If there were a fee for issuing the bond it would just increase the costs even more and not be very cost efficient. He does not feel there would be any incentive for local governments to pay loans off if they knew that the state guaranteed it. Gene Huffard, D.A. Davidson, opposed Senate Bill 413 because he feels it is not needed in Montana. He feels our bonds sell cheaper than what they sell in bond banks in other parts of the country now. (EXHIBIT 6)

Questions were then asked for from the committee. Senator Fuller asked Dan Kemmis about Initiative 95 and Mr. Kemmis stated it was to support those projects that are for local economic development and this would simply be an extension of that program. Senator Gage wondered about the board guaranteeing bonds and the board deciding if this was valid. Robert Mullendore said this was necessary or the bonds would not be usable or could be relied upon. When asked about the moral obligation feature Mr. Mullendore said it just provides for a moral obligation in case of a projected shortage so that it could be reimbursed. He explained there are some other sources that could also be used to repay any moneys also. When asked about the Evenson-Dodge study he stated he felt it was hastily done and did not always compare apples with apples. He did not think the bill would have to be amended as Dale Harris felt it would. Senator Gage asked about the constitutional issue and whether it might not require a 3/4th's vote. Mr. Mullendore stated he viewed it as a mixture between governmental and an investment decision.

Dale Harris stated he felt the fundamental problem in regards to infrastructure is the lack of revenue sources to pay for construction. The parallel to this would be the state water bond issue program which is well designed and has an explicit subsidy in it. He does not feel the bill as drafted is tight enough to do the work it was intended to do. He feels the bill should be studied more carefully. Senator Goodover wondered where the additional money might come from to guarantee the program and Mr. Mullendore stated there are other sources which can and should be used. Dale Harris responded there is no such thing as unappropriated funds. He feels this just will not work and feels the language in the bill would require a 3/4th's vote.

CONSIDERATION OF SENATE BILL 403: Senator Mike Halligan, Senate District 29, Missoula, stated this bill just establishes a community development board to administer the municipal consolidation finance act and increases the bond limits to $1 million and establishes the moral obligation authority.

PROPONENTS: Bob Mullendore, attorney, explained this is a detailed subject which deserves more careful consideration and should be considered financially feasible before it would be put into operation. He feels the board could function with very little if any capital and all of its costs would be paid for by proceeds of ongoing bond activity and would be self-supporting.

OPPONENTS: Dale Harris, from the Economic Development Board, stated they made a great effort to implement the municipal bond act. They did an analysis and used professional financial advisers. They drafted rules and contacted people all over the state when they did their survey. (EXHIBIT 7) They felt that there was just not enough cost savings that would be derived from local governments pooling their bonds together to be feasible. The local bonds are very marketable anyway. They oppose splitting into two separate boards. Gene Huffard, from D.A. Davidson, stated they were opposed to this bill. Mark Simmons from the Economic Board staff, feels that Senate Bill 403 can not be administrated by two boards. He does not feel the program will be self-supporting either. The hearing on Senate Bill 403 and 413 was closed.

The meeting was adjourned at 11:40 a.m.

Mike Halligan, Chairman

cd

ROLL CALL

BUSINESS & INDUSTRY COMMITTEE

49th LEGISLATIVE SESSION -- 1985 Date 3/19/85

SENATE SEAT #

NAME	PRESENT	ABSENT	EXCUSED
Chairman Halligan	X		
V-chrm. Christiaens	X		
Senator Boylan	X		
Senator Fuller	X		
Senator Gage	X		
Senator Goodover	X		
Senator Kolstad	X		
Senator Neuman			X
Senator Thayer	X		
Senator Williams	X		
Senator Weeding			

Each day attach to minutes.

DATE FEBRUARY 19, 1985

COMMITTEE ON -BUSINESS & INDUSTRY

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One: Support	Check One: Oppose
Gene Hufford	D.A. Davidson & Co	SB 403 SB 413		✓
Dale A Harris	MEDB-	SB 403 413		✓
Dale A. Harris	MEDB	408	✓	
Mike Simmons	MEDB	SB 403 SB 413		✓
Dennis Home	Horco	SB 363	✓	
Dick Milligan	Midland Imp. Co.	SB363	✓	
JERRY YOUNG	RENN	SB363	✓	
Sen Bill Smith		SB363	✓	
Dave Goss	Billings Chamber of Commerce	SB 363	✓	
JUDY CARLSON	SELF	408	✓	
Michelle Gale	cmr (Aide for Ted Neuman)			
Daniel Kemmis	Community Economic Development Coalition	SB413	✓	

(Please leave prepared statement with Se

MONTANA
HARDWARE &
IMPLEMENT
ASSOCIATION

3087 N. Montana Avenue
P.O. Box 4459
Telephone 406/442-1590
Helena, Montana 59604

EXHIBIT 1
BUSINESS & INDUSTRY
February 19, 1985

he advocate for Montana and Northern Wyoming retail hardware and farm implement dealers

February 18, 1985

Senator Mike Halligan, Chairman
Senate Business and Industry Committee
Montana State Senate
Capitol Building
Helena, MT 59620

Dear Senator Halligan and members of the Senate Business and Industry Committee:

I am unable to join you for the hearing on Senate Bill 363 because the Montana Hardware and Implement Association is holding its 76th Annual Convention this week in Billings. Please accept this letter as our Association's testimony in support of this legislation.

Senate Bill 363 merely expands the wholegoods and parts buy-back provisions of legislation enacted in 1983 to Montana wholesalers. As written, this bill does not alter the rights of retail farm equipment dealers when a franchise is terminated. This legislation requires the manufacturer or distributor to buy back new, unused wholegoods and parts in the event that a franchise is cancelled. As is the case with the retailer, a wholesaler who no longer carries a particular line of equipment will be forced to dispose of that inventory at great cost to their operations. Montana wholesalers deserve the protection afforded by Senate Bill 363, and the Montana Hardware and Implement Association encourages your support.

Thank you for the opportunity to express our views.

Sincerely,

Blake J. Wordal

Blake J. Wordal, Executive Director

EXHIBIT 2
BUSINESS & INDUSTRY
February 19, 1985

CROWLEY, HAUGHEY, HANSON, TOOLE & DIETRICH

CALE CROWLEY
JAMES M. HAUGHEY
NORMAN HANSON
BRUCE R. TOOLE
JOHN M. DIETRICH
THOMAS N. KELLEY
LOUIS R. MOORE
GARELD F. KRIEG
ARTHUR F. LAMEY, JR.
MYLES J. THOMAS
GEORGE C. DALTHORP
DAVID L. JOHNSON
JACK RAMIREZ
KEMP WILSON
ROBERT EDD LEE
STUART W. CONNER
HERBERT I. PIERCE, III
RONALD R. LODDERS
STEVEN RUFFATTO
ALLAN L. KARELL
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ATTORNEYS AT LAW
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CAROLYN S. OSTBY
STEVEN J. LEHMAN
T. G. SPEAR
LAURA A. MITCHELL
SHERRY SCHEEL MATTEUCCI
CHRISTOPHER MANGEN, JR.
MICHAEL E. WEBSTER
DANIEL N. McLEAN
JOHN R. ALEXANDER
DONALD L. HARRIS
WILLIAM D. LAMDIN, III
MICHAEL S. DOCKERY
WILLIAM J. MATTIX
MICHAEL P. MANION
PETER F. HABEIN
WILLIAM O. BRONSON
MALCOLM H. GOODRICH
MICHAEL B. EVANS
MARY S. YERGER

February 11, 1985

Mr. Brooks Pates
President
Midland Implement Company
402 Daniels
Billings, Montana 59102

Re: Revision of Montana Buy-Back Act to Include Wholesalers

Dear Mr. Pates:

At your request I have reviewed the bill which I understand has now been introduced as Senate Bill 363, relating to the above subject, as drafted by the Legislative Council. Senate Bill 363 conforms closely to the revisions suggested by us and forwarded to you with my letter of December 21, 1984, excepting, of course, for the provision to expand the classes of inventory to which the act is applicable. It is my understanding that the proposed addition of other manufactured goods to the definition of "inventory" has been intentionally omitted.

While the bill conforms very closely to our suggestions, there are a couple of variations. While neither of these are particularly significant, I continue to prefer the version we sent to you. Section 2 of the bill, appearing on page 3, amends Section 30-11-702, but leaves subparagraph (1) unchanged. We had deleted from that paragraph the words "written" and "evidenced by franchise agreement, sales agreement, security agreement, or other similar agreement or arrangement". The bill leaves this language in, perhaps in the belief that our deletion was effecting a substantive change. The deleted language, however, has been added to the definition of "dealership contract" which would become subparagraph (2) of Section 30-11-701, and it appears to us to be redundant and possibly confusing to leave those words in Section 30-11-702 as well.

It still appears to me that the word "subsection" appearing in the last line on page 4 of the bill should be "subsection*s*".

Finally, Section 6 relating to the remedies, and amending Section 30-11-713, has been revised in a manner somewhat different to that suggested by us. In part the difference is merely a matter of form. With respect, however, to the last sentence of the section, which Senate Bill 363 leaves unchanged, there may be a substantive distinction. That sentence specifically preserves the rights created by this statute with respect to inventory not covered by contract, if the retailer elects to pursue a contract remedy with respect to other inventory. If the rights of a wholesaler are to be essentially equivalent to those of a retailer, this same right should be extended to wholesalers as well, which we had proposed to do by deleting the word "retailers". It could also be done by changing the phrase to read "not bar the retailers' or wholesalers' right to the" etc.

As noted, none of the foregoing changes appear to me to be crucial, but if it is possible to incorporate them in the legislation it appears to me that the bill would be somewhat clearer.

Very truly yours,

GARELD F. KRIEG

GFK/js

_________ BILL NO. 363

INTRODUCED BY E. Smith ___________________

A BILL FOR AN ACT ENTITLED: "AN ACT EXPANDING THE REPURCHASE OF INVENTORY REQUIREMENTS OF CANCELED DEALERSHIP CONTRACTS TO INCLUDE CANCELED DISTRIBUTION CONTRACTS; DEFINING "DISTRIBUTION CONTRACT", "DEALERSHIP CONTRACT", AND "WHOLESALER"; AMENDING SECTIONS 30-11-701, 30-11-702, 30-11-704, AND 30-11-711 THROUGH 30-11-713, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 30-11-701, MCA, is amended to read:

"30-11-701. Definitions. As used in this part, the following definitions apply:

(1) "Current net price" means:

(a) with respect to a dealership contract, the price listed in the wholesaler's, manufacturer's, or distributor's price list or catalog in effect at the time a dealership contract is discontinued or, if none is then in effect, the last available price so listed~~.~~; and

(b) with respect to a distribution contract, the price listed in the manufacturer's or distributor's price list or catalog in effect at the time a distribution contract is discontinued or, if none is then in effect, the last available price so listed.

(2) "Dealership contract" means a written contract between a retailer and a wholesaler, manufacturer, or distributor in which the retailer becomes a dealer in goods sold by the wholesaler, manufacturer, or distributor, evidenced by a franchise agreement, sales agreement, security agreement, or other similar agreement or arrangement.

(3) "Distribution contract" means a written contract between a wholesaler and a manufacturer or distributor in which the wholesaler becomes a dealer in goods sold by the manufacturer or distributor, evidenced by a franchise agreement, sales agreement, security agreement, or other similar agreement or arrangement.

~~(2)~~(4) "Inventory" means:

(a) farm implements, machinery, attachments, and repair parts;

(b) industrial and construction equipment and repair parts; and

(c) automobiles, trucks, and repair parts sold by an automobile or truck dealer as defined in 61-1-314.

~~(3)~~(5) "Net cost" means:

(a) with respect to a dealership contract, the price actually paid for an inventory item by the retailer to the wholesaler, manufacturer, or distributor, plus applicable freight costs paid by or charged to the retailer~~.~~; and

(b) with respect to a distribution contract, the price actually paid for an inventory item by the wholesaler to a manufacturer or distributor, plus applicable freight costs paid by or charged to the wholesaler.

~~(4)~~(6) "Retailer" or "retail dealer" means any individual, partnership, association, or corporation engaged in the business of selling inventory, as defined in this section, to the general public.

(7) "Wholesaler" means any individual, partnership, association, or corporation engaged in the business of selling inventory, as defined in this section, to retailers."

Section 2. Section 30-11-702, MCA, is amended to read:

"30-11-702. Repurchase of inventory items upon cancellation of dealership or distribution contract. (1) If a retailer enters into a written dealership contract evidenced by franchise agreement, sales agreement, security agreement, or other similar agreement or arrangement and either the wholesaler, manufacturer, distributor, or retailer cancels the contract, such wholesaler, manufacturer, or distributor shall, at the retailer's request, pay to the retailer, or credit to the retailer's account if the retailer has outstanding any sums owing the wholesaler, manufacturer, or distributor, an amount equal to:

(a) 100% of the net cost of all new, unused, undamaged, and complete inventory items, except repair parts, held by the dealer at the time of cancellation; and

(b) 85% of the current net price of each repair part carried on the most recent price list or catalog provided by the manufacturer or distributor and held by the dealer at the time of cancellation.

(2) If a wholesaler enters into a written distribution contract and either the wholesaler, manufacturer, or distributor cancels the contract, the manufacturer or distributor shall, at the wholesaler's request, pay to the wholesaler, or credit to the wholesaler's account if the wholesaler has outstanding any sums owing to the manufacturer or distributor, an amount equal to:

(a) 100% of the net cost of all new, unused, undamaged, and complete inventory items, except repair parts, held by the wholesaler at the time of cancellation; and

(b) 85% of the current net price of each repair part carried on the most recent price list or catalog provided by the manufacturer or distributor and held by the wholesaler at the time of cancellation.

~~(2)~~(3) Payment or allowance of credit to the retailer's or wholesaler's account of the sum required in subsections (1) or (2) must be made upon return of the inventory items to the wholesaler, manufacturer, or distributor. Title to such inventory items passes to the wholesaler, manufacturer, or distributor upon making such payment."

Section 3. Section 30-11-704, MCA, is amended to read:

"30-11-704. Repurchase of inventory of deceased retailer or wholesaler. If the retailer, wholesaler, or majority stockholder in a corporation operating as a retailer or wholesaler entitled to payment under this part dies, the wholesaler, manufacturer, or distributor shall, unless the heirs or devisees of the deceased agree to continue to operate the dealership, repurchase the inventory from the heirs or devisees in the manner prescribed in 30-11-702."

Section 4. Section 30-11-711, MCA, is amended to read:

"30-11-711. Rights not affected. (1) This part does not affect any contractual right of a wholesaler, manufacturer, or distributor to charge back to the retailer's or wholesaler's account any amount previously credited or paid as a discount incident to the retailer's or wholesaler's purchase of the goods.

(2) This part does not affect any security interest that any financial institution, person, wholesaler, manufacturer, or distributor may have in the inventory of the retailer or wholesaler."

Section 5. Section 30-11-712, MCA, is amended to read:

"30-11-712. Civil liability. If any wholesaler, manufacturer, or distributor fails or refuses to repurchase any inventory as required by 30-11-702, the wholesaler, manufacturer, or distributor is liable in a civil action for 100% of the current net price of the inventory, plus any freight charges paid by the retailer or wholesaler, the retailer's or wholesaler's attorney fees, and court costs."

Section 6. Section 30-11-713, MCA, is amended to read:

"30-11-713. Remedy as supplemental. (1) The provisions of this part are supplemental to any agreement between:

(a) the retailer and wholesaler, manufacturer, or distributor governing the inventory; or

(b) the wholesaler and manufacturer or distributor governing the inventory.

(2) The retailer or wholesaler may elect to pursue either his contract remedies or the remedy provided in 30-11-702. An election to pursue his contract remedies does not bar the retailer's right to the remedy provided in 30-11-702 as to any inventory not covered by contract."

NEW SECTION. Section 7. Saving clause. This act does not affect rights and duties that matured, penalties that were incurred, or proceedings that were begun before the effective date of this act.

-End-

Form CS-34
1-79

NAME Dick Milligan BILL No. 363

ADDRESS R2 Box 730 Laurel DATE 2/19/85

WHOM DO YOU REPRESENT Midland Implement Co.

SUPPORT ✓ OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

orm CS-34
79

EXHIBIT 3
BUSINESS & INDUSTRY
February 19, 1985

NAME Dennis Hove BILL No. 363

ADDRESS 3046 Forsythia - Billings, MT DATE 2-19-85

WHOM DO YOU REPRESENT Hovco, Inc

SUPPORT ✓ OPPOSE ______ AMEND ______

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

EXHIBIT 4
BUSINESS & INDUSTRY
February 19, 1985

Form CS-34
1-79

NAME JERRY YOUNG BILL NO. 363

ADDRESS 464 FOSTE ST. Billings DATE 2/19/84

WHOM DO YOU REPRESENT RENN

SUPPORT + OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

EXHIBIT 5
BUSINESS & INDUSTRY
February 19, 1985

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ATTORNEYS AT LAW

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Missoula, Montana 59802
(406) 721-8300

'ohn J. Oitzinger (MT, NY)
Robert G. Mullendore (MT, WA, AK)
Claude W. Martin (WY)
Peter S. Dayton (MT, IL)
Thomas E. Hattersley, III (MT, CA)

Power Block Building
Last Chance Gulch
Helena, Montana 59601
(406) 449-6390

American Bank Center
123 West 1st Street
Casper, Wyoming 82601
(307) 234-1411

February 19, 1985

Senator Mike Halligan
Capital Station
Helena, MT 59620

Re: Revenue Bond Guaranty Program

Dear Senator Halligan:

I am writing to express strong support for SB 413 and SB 403 which you have introduced. One of the bills, SB 413 (the "Revenue Bond Guaranty Act"), would enable the in-state investment portion of the Coal Severance Tax Trust Fund to be used to guarantee city and county revenue bonds issued for purposes of local infrastructure development. The other bill, SB 403, would cure the defects in the Municipal Finance Consolidation Act of 1983 and create a new Community Development Board to administer both that Act and the new Revenue Bond Guaranty Act. In our view, enacting these bills into law would be of great and lasting benefit to the state of Montana.

The local revenue bond issues eligible for guaranty would be used to finance local infrastructure which is necessary for economic development, such as parking garages, convention centers, athletic facilities, industrial parks, alternative energy sources, transportation systems, business "incubators," and so forth. These are the kinds of projects which often cannot be financed without a guaranty of some sort to back up the revenue stream as a source of payment of the bonds. Property taxes and other local monies are already committed to other programs and projects.

Viewed in isolation from each other, these projects may be considered just too risky by the bond market. Using the Trust Fund to guarantee repayment of infrastructure development bonds throughout the state will improve the overall economic climate and increase the self-sufficiency of the projects being financed. Moreover, surplus revenues from one project can be pledged to the Trust Fund and thereby used, indirectly, to offset a deficiency in revenues from another project. In essence, the guaranty program is an application of the age-old rule: united we stand, divided we fall.

A similar idea which has been proposed by others is to use the Trust Fund to guarantee bonds issued by the Economic Development Board to provide business loans. To do so, however, would enable the business borrowers to use the Trust Fund to enhance their borrowing power beyond the level justified by their personal credit. This raises both public policy and constitutional issues that are not raised under the Revenue Bond Guaranty Act, where the Fund is used to enhance the credit of public borrowers. The legislature could choose to enact both programs (there is no inconsistency between them, although there is only so much guaranty capacity in the Trust Fund), or the legislature could choose to take one step at a time. If only one step is to be taken this session, obviously it should be to guarantee revenue bonds issued by political subdivisions of the state for purposes of public projects.

Another use which has been suggested for the Trust Fund is to spend it on public buildings. Although this could certainly be done, we believe that a better first step would be to enact the guaranty bill. One dollar of Trust Fund money will only build one dollar's worth of public buildings, whereas the same Trust Fund dollar can be used to guarantee payment of several dollars' worth of local revenue bonds. The Fund will go a lot farther, and last a lot longer, if it is used to enhance credit rather than pay costs directly. This is particularly true if the local revenue bonds are sold at tax-exempt interest rates, and the Trust Fund dollars are invested at full market yields.

A third possibility is to do nothing with the Trust Fund except continue to invest it, using the income from the Fund to supplement other sources of state revenue. (The In-State Investment Act of 1983 may provide some indirect additional benefits to the state, but these are not yet established.) The proposed Revenue Bond Guaranty Act uses first the income from the in-state investment fund, and then all or a designated portion of the principal thereof, to guarantee local revenue bonds. The principal of the fund therefore serves a double function; it produces current investment income, and it also enables local governments to finance projects that otherwise could not be built. Moreover, a dollar of principal may be sufficient to guarantee several dollars' worth of revenue bonds, depending on the strength of the projects.

The proposed guaranty program is limited to the in-state investment portion of the Trust Fund (which consists of 25% of the severance tax receipts after June 30, 1983). In our opinion, using the in-state investment fund to guarantee local revenue bonds is the best first step that could be taken this session toward infrastructure development and economic development generally. SB 413 is an important addition to the Build Montana program and should be enacted.

The other bill you have introduced, SB 403, is equally important. First of all, it largely cures the defects in the Municipal Finance Consolidation Act of 1983 by increasing the loan limit from $500,000 to $1,000,000 and adding a moral obligation feature like that which presently exists in the pooled IDB program for business loans. Second, it consolidates the administration of the two acts which would provide credit assistance to local governments - the Municipal Finance Consolidation Act and the proposed Revenue Bond Guaranty Act. Both acts are essentially risk-pooling mechanisms. They are not investment programs such as the coal tax loan program administered by the Economic Development Board. The decision whether to guarantee a local revenue bond issue is essentially a governmental decision and not an investment decision. Both acts, and particularly the new guaranty program, should be administered by a new board which is representative of local governments. SB 403 accomplishes these purposes.

Thank you very much for this opportunity to provide these comments. If we can be of any further assistance, please don't hesitate to ask.

Cordially,

Oitzinger & Mullendore

Robert G Mullendore

Robert G. Mullendore

cir.

EXHIBIT ~~6~~
BUSINESS & INDUSTRY
February 19, 1985

Form CS-34
1-79

NAME Dale A Harris BILL No. 403/413

ADDRESS Dept of Commerce DATE

WHOM DO YOU REPRESENT MEDB

SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: Oppose SB 403 - 413

MONTANA ECONOMIC DEVELOPMENT BOARD

Pooled Municipal Bond Program

January 15, 1985

Situation Statement

The Montana Economic Development Board was created by the 1983 Montana Legislature to implement five newly authorized financing programs, including the Municipal Finance Consolidation Act of 1983, introduced as H.B. 733. The purpose of the Act, as expressed in 17-5-1602(2) M.C.A. is to "create a means for public bodies to pool, in effect, the debt instruments they are otherwise authorized to offer for sale to the investment community in order to obtain economies of scale and reduce marketing and interest costs; and provide additional security for the payment of bonds and notes held by investors and thereby further reduce interest costs."

To accomplish this purpose, the Act allows the Board to: pool together anticipated local government debt issues of under $500,000; sell its own bonds in an amount sufficient to fund the underlying projects; use the proceeds of its bond issue to purchase the debt obligations of the participating local government units, and; directly apply the principal and interest payments of the participating municipalities to liquidate its own debt. (The interest rate that the Board achieves on its bonds, in other words, is passed through to the local government units which make up the Pool.)

The seven-member Montana Economic Development Board was appointed in July 1983, and selected a team of professional financial consultants to provide assistance in structuring its bonding programs in late fall.

Because the Board was charged with implementing five new financing programs, it was forced to prioritize the implementation of those programs. Due in part to the Board's feeling that the business development programs should be instituted in as timely a fashion as possible, and in part to the fact that many of the municipal debt issues that might participate in the Program would not receive voter approval until the November 1984 general election, the Board did not begin to actively implement the Pooled Municipal Bond Program until the spring of 1984.

After considering and analyzing several alternatives, the Board and its team of financial consultants determined that the Program would most effectively be structured as follows:

1. The Board would determine the demand for the Program from Montana counties, cities and towns, and school districts.

2. Those local government units with eligible upcoming debt issues would be asked to indicate the amount and term of their respective financings as well as their intent to sell their bonds to the MEDB "bond bank."

3. Based upon response from the local government units, the Board would structure its bond issue to correspond to the size and maturities of the underlying municipal debt issues.

4. In order to provide credit enhancement to its bond issue (thereby lowering the interest rate on the MEDB bonds), the Board would negotiate with the State Board of Investments to provide a guarantee of the Pooled Muncipal Bonds.

5. Once the Board had sold its bonds, a standard set of form bond documents would be used to facilitate the sale of local government bonds to the MEDB.

With this structure in mind, the MEDB and its advisors proceeded to move toward implementation of the Program, anticipating a sale of the first Pooled Municipal Bond Issue in January or February of 1985.

To negotiate the necessary guarantee mechanism with the Board of Investments, staff members of the two boards initially met in June. After several subsequent meetings, an agreement was drafted by counsel, and at the November 30, 1984 joint meeting of the boards, the Board of Investments adopted a resolution agreeing to provide the requested guarantee.

To prepare for Program operation, the financing team drafted a Program application form, developed the Program structure summarized earlier, and agreed upon a system of funds that would be used to apply the payments from local governments to liquidate the MEDB bonds.

To market and determine the demand for the Program, the MEDB mailed to all Montana counties, cities and towns, and school districts a letter explaining the Pooled Municipal Bond Program and a survey to be returned indicating their interest in participating the Program. A similar follow-up letter and survey was mailed several months later. The Board also published an article explaining the Program in the newsletters of the Montana League of Cities and Towns, the Montana Association of Counties, and the Montana School Board Association and sponsored informative workshops at the Montana Conference of Education Leadership.

Two hundred twenty-seven of the 731 local government units which were targeted in the two direct mailings returned completed surveys. Of those local governments responding, 66 indicated that they would possibly be interested in selling future bond issues to the MEDB "bond bank".

Representatives of these political subdivisions were directly contacted by telephone in mid-November to determine whether upcoming projects were eligible for participation in the Program, to determine the certainty and timing of these projects, and to determine whether voter approval had been received, where necessary. Based upon these telephone conversations 15 local government units indicated that they would like to pursue participation in the Pooled Municipal Bond Program, with projects totalling $5 million.

In order to obtain more specific details on these projects, and to document their intent to sell bonds to the MEDB, the 15 local governments were mailed applications which they were asked to complete and return to the Board by December 23. These applications were to be used as the basis for structuring the MEDB bond issue.

By early January, only four applications had been returned totalling $1,083,000 in financing requests. Follow-up telephone conversations with the remaining 11 local governments indicated that another two applications would possibly be submitted totalling an additional $665,000 in financing requests.[1]

Because of this apparent lack of demand for the Program, and because preliminary analyses indicated that no benefits could be offered to the few local governments who did indicate interest in the Program, the Montana Economic Development Board asked the state financial advisor, Evensen Dodge, Inc., to prepare the accompanying analysis. We hope that this analysis will shed greater light on the financial and procedural implications of a Montana municipal bond bank.

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[1]Of the remaining nine local government units, one chose to sell bonds by competitive sale, one opted to use the DNRC water development program, six indicated that it would be at least six months to a year before the certainty of their projects were confirmed, and one project exceeded the $500,000 ceiling.

EXHIBIT 7
BUSINESS & INDUSTRY
February 19, 1985

MONTANA ECONOMIC DEVELOPMENT BOARD

ANALYSIS OF THE IMPLEMENTATION OF THE MUNICIPAL FINANCE CONSOLIDATION ACT ("BOND BANK")

January, 1985

Prepared by:

EVENSEN DODGE, INC.

TABLE OF CONTENTS

SECTION 1
SUMMARY

This analysis has been prepared to determine the economic viability of implementing the Municipal Finance Consolidation Act ("Bond Bank") which allows the Montana Economic Development Board to sell a pooled bond issue for local government debt issues of under $500,000.

Section 7 of this report contains an analysis showing the maximum benefit to a local government issuer of general obligation bonds under optimum conditions. One of the optimum conditions assumed is that of an ongoing program with no start-up costs.

The analysis shows that a pooled bond issue consisting of seven local government entities needing to borrow $2.1 million (which represents current levels of interest in the program) could provide a maximum net interest rate savings of .12% (12 basis points). If the start-up costs of the program had to be recovered over the first one or two issues of the Bond Bank, the savings would be non-existent.

The following factors were considered in our analysis:

- Cost: It is typically argued that a Bond Bank will results in lower marketing costs resulting from economies of scale. However, Montana local government entities are able to market their bonds with very low front-end costs (no printing of official statement, financial advisory fees, etc.). The costs of structuring, obtaining a rating and marketing a Bond Bank issue (not counting start-up fees) will result in higher transaction costs to local government units. (See page 7-3.)

- Demand: There is currently demand for a $2 million bond issue if the program can be shown to be economically viable. Since there are some economies of scale if the program is larger, we also analyzed a $5 million Bond Bank issue to determine the impact on the local government entities. Increasing the issue size from $2 million to $5 million increased the net savings by .02% (2 basis points).

  Section 4 of this report analyzes the total potential demand for the program. The total amount of general obligation and revenue bond debt under $500,000 in the State of Montana was $2,391,000 and $4,206,000 in 1982 and 1983, respectively. The total amount of general obligation and revenue bond debt issued without credit ratings regardless of issue size was $10,354,000 and $11,966,000 in 1982 and 1983, respectively.

Because of the way SID/RSID bonds must be structured, they could not be pooled with general obligation and revenue bonds. The best way to assist issuers of SID/RSID bonds would be to change the SID/RSID laws to make the bonds more structured and secure.

- Market Access: Another justification for Bond Banks is to provide market access for small issuers who may not otherwise be able to obtain tax-exempt financing at competitive rates. We are aware of no Montana jurisdiction that has been unable to obtain access to the capital markets because of small issue size or lack of credit ratings. Section 3 of this report is an analysis of interest rates obtained by small Montana issuers as compared to issuers in other states. The analysis indicates that small Montana issuers receive competitive interest rates.

- Potential Interest Savings: Bond Banks are generally believed to reduce interest rates by providing additional security for the payment of bonds. Our analysis in Section 7 assumes that the interest rate received by the investors is .20% (20 basis points) lower on a Bond Bank financing than if the local government entities sold its own general obligation bonds. It is our opinion that this interest rate savings could only be achieved if the bond issue was small enough to be marketed entirely within Montana. If the demand for the program were greater than $5 million, the Bond Bank would be even less viable because of higher interest costs associated with selling the bonds in the national market.

  Bond Bank issues sold in the national market are priced as revenue bonds of the state. Small general obligation bonds marketed locally obtain lower interest rates than state Bond Bank revenue bonds. See Section 5.

  To test this theory further, we compared small unrated Montana bond issues to the sale of very secure A1/AA rated revenue bonds issued by the Montana DNRC in October, 1984. Again, the locally marketed issues performed better than the nationally marketed DNRC issue.

SECTION 2
CONCLUSIONS

The conclusion of this analysis is that there is no economic justification for the Montana Economic Development Board proceeding with a pooled municipal bond issue at this time as currently authorized in the Municipal Finance Consolidation Act.

It is possible that circumstances could change (such as the ability of the Montana market to absorb the volume of local municipal bond issues) which would make this concept viable in the future.

There are legislative options available which could improve the viability of the pooled municipal bond program. However, it is not clear whether any one of these options (other than the general obligation backing of the state) would improve the program enough to ensure a widespread use by local government jurisdictions.

The following legislative options are simply a listing and do not represent recommendations on behalf of Evensen Dodge, Inc.:

- State appropriations to subsidize transaction costs and ongoing program administrative costs.
- State appropriations to establish a guaranty fund.
- Remove or raise $500,000 issue size limitation.
- Change SID/RSID laws to make bonds more structured and secure.
- Moral obligation backing.
- State general obligation backing.

SECTION 3
ANALYSIS OF SMALL MONTANA BOND ISSUES

The data used in this analysis includes information on: (a) several local government issuances in Montana for 1984 and the first month of 1985 that were general obligation or revenue supported, unrated, competitively sold, and less than $2,000,000; (b) local government issuances in Minnesota, North Dakota and Wisconsin that in most cases met these same criteria and were sold at approximately the same time as the Montana issues being analyzed.

The graph on page 3-3 is a chart of the Bond Buyer's Index (BBI) for 1984 and the first month of 1985. The BBI, published weekly by the periodical The Bond Buyer, is a summary index of the present yields on a representative sample of twenty-year general obligation bonds. It serves an analogous function to the Dow Jones Index for the stock market, tracking general market performance over time. This chart illustrates the volatility of the tax-exempt municipal market throughout 1984.

This analysis refers primarily to the "reoffering yield scales" of the issuances and the "spread." The reoffering scale indicates the yields received by the investors who repurchases the bonds from the underwriter, irrespective of the interest rates actually paid by the issuer. For example, a bond maturing in 1986 may carry an interest rate as paid by the issuer of 8%; however, it if is sold at a premium (i.e., over 100% of par value) by the underwriter to the final investor, it will have an effective yield to the investor of less than 8%. Since bonds must be purchased by underwriters at no less than par in Montana, but can be purchased at a discount in Minnesota, Wisconsin and North Dakota, the reoffering yield scale is a more meaningful measure of the relative value to investors of different issues. The spread is a measure of the total profit earned by an underwriter on the purchase and resale of the bonds, and is generated by reselling the bonds to investors at a higher price than they were initially purchased from the issuer.

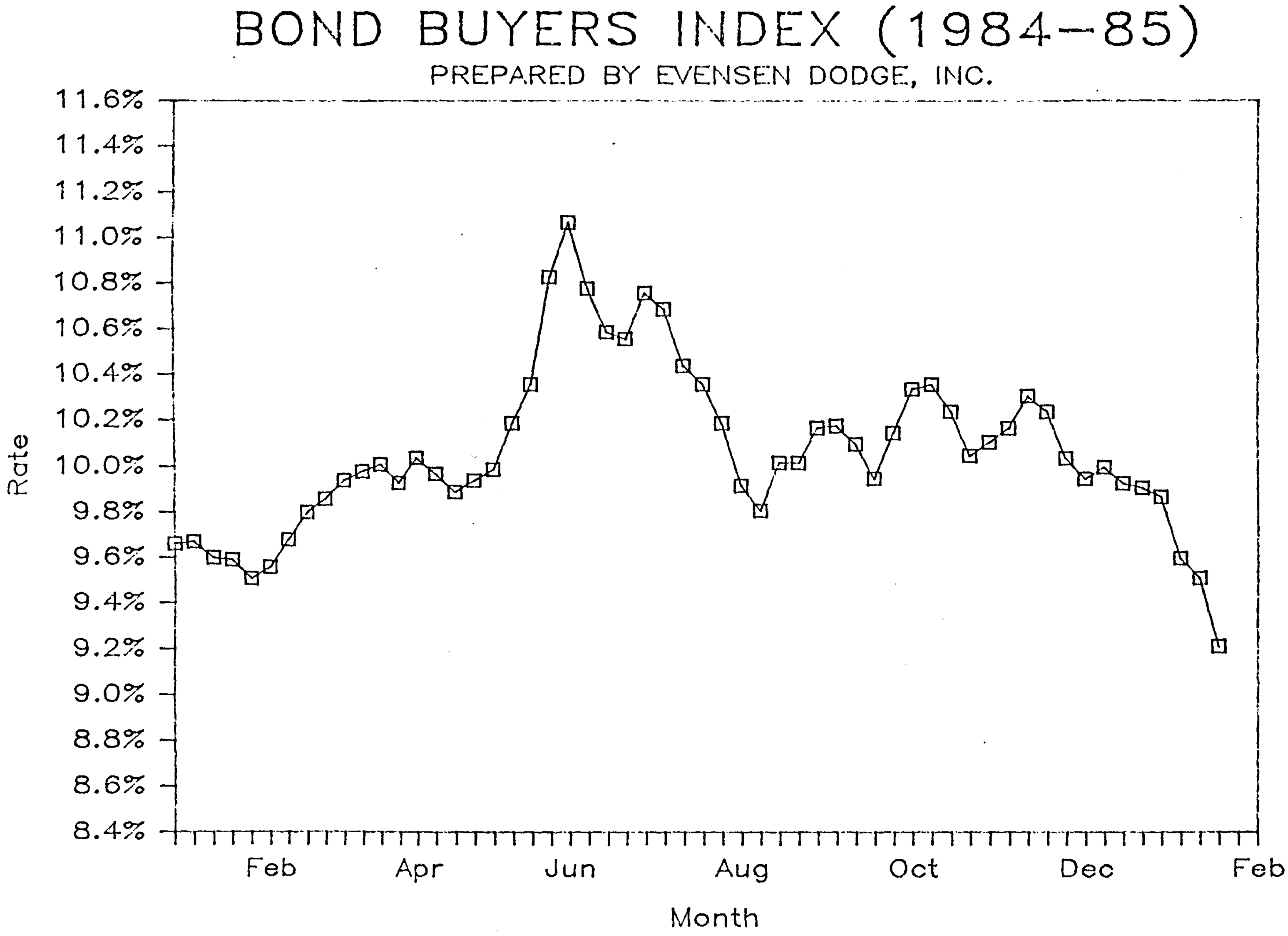
The chart on page 3-4 shows a comparison of four general obligation sales, all within a nine day period in May, 1984, of North Redwood, Minnesota; Lake County Schools, Montana; Carbon County Schools, Montana; and Ramsey, Minnesota. All sales were unrated, and the BBI decreased only 3 basis points during this time period. While the spread for the Carbon County sale was somewhat higher than for the Ramsey sale, note that the reoffering scales for both Montana sales were lower than both Minnesota sales for each maturity.

The chart on page 3-5 shows a comparison between the sale of sewer revenue bonds in Lewiston, Montana and general obligation sales in Gallatin County Schools, Montana and Madison Lake, Minnesota. All three sales were unrated and occurred within a 12-day period in July, 1984. Even though the Lewiston sale was revenue backed, rather than general obligation, and the BBI was 17 points higher in the week of the Lewiston sale, the reoffering scale for Lewiston is very comparable to that of Madison Lake in the 1986-87 and the 1995-2000 maturities, and the difference in the middle maturities is around 50 basis points, a typical difference between revenue supported and general obligation supported issues of equal ratings. The Gallatin County scale is equal to or better than the Madison Lake scale in every maturity except 1998, even though the BBI was 17 points higher in the week of the Gallatin sale.

The chart on page 3-6 shows a comparison between six general obligation school district bond issuances, all unrated, which occurred in a four-week period in middle November to middle December, 1984. During this time period, the BBI declined 31 basis points. The issuers were the school districts of East Grand Forks, Minnesota; North Central, North Dakota; Beaverhead County, Montana; Raveli County, Montana; Halstad, Minnesota; and Gallatin County, Montana. The spreads on these six issuers were relatively equivalent. The reoffering scales were also very close, and in many maturities identical, with North Central of North Dakota showing the highest yields. In the 1990 maturity, for example, the yields were lower in Beaverhead and Raveli than in North Central, and the same as for East Grand Forks. By the 1995 and 1996 maturities, the yields in Beaverhead and Raveli were lower than those in East Grand Forks by 5-10 basis points, partly explained by a drop of 7 points in the BBI. By the sale date of the Halstad issuance, the BBI had dropped another 20 points from the sale of Beaverhead and Raveli, yet again the reoffering scales were virtually identical, although Halstad did pay a smaller spread.

In the final comparison, the chart on page 3-7 shows the general obligation sales of Lidgerwood, North Dakota and Golden Valley County Schools, Montana, held two days apart in January, 1985. While the spread for Golden Valley was a little higher, the reoffering scale is better by 20-30 basis points in each maturity for Golden Valley, partly attributable to a steady decline in interest rates during that week; the BBI for the following week was 11 points lower.

The analyses in this section of the report indicate that small Montana bond issues are receiving competitive rates as compared to small bond issues in other states.


BOND BUYERS INDEX (1984-85)
PREPARED BY EVENSEN DODGE, INC.
Rate
11.6%
11.4%
11.2%
11.0%
10.8%
10.6%
10.4%
10.2%
10.0%
9.8%
9.6%
9.4%
9.2%
9.0%
8.8%
8.6%
8.4%
Feb
Apr
Jun
Aug
Oct
Dec
Feb
Month

COMPARATIVE SALES DATA

Issuer	North Redwood MN	Lake County School District MT	Carbon County School District MT	Ramsey MN			
Amount	220,000	355,000	335,000	170,000			
Type	GO	GO	GO	GO			
Date	6-11-84	6-12-84	6-18-84	6-20-84			
BBI	10.59	10.59	10.56	10.56			
Spread			$28.93	$16.96			
Rating	NR	NR	NR	NR			
Reoffering: 85		7.00	6.75				
86	7.50	7.50	7.25	8.00			
87	8.00	8.00	7.75	8.25			
88	8.50	8.25	8.25	8.50			
89	8.75	8.50	8.50	9.00			
90	9.00	8.75	8.75	9.20			
91	9.20	9.00	9.00	9.40			
92	9.40	9.25	9.20	9.60			
93	9.60	9.50	9.40	9.80			
94	9.80	9.75	9.60	10.00			
95	10.00	9.90	9.80	10.25			
96		10.00	10.00				
97		10.10	10.00				
98		10.20	10.10				
99		10.25	10.10				
00		10.30	10.20				
01		10.30	10.20				
02		10.40	10.25				
03			10.25				
04			10.25				
05							
06							

nl.7/1

COMPARATIVE SALES DATA

Issuer	Lewistown MT	Gallatin County School District MT	Madison Lake MN			
Amount	990,000	153,000	590,000			
Type	Sewer Revenue	GO	GO			
Date	7-16-84	7-18-84	7-24-84			
BBI	10.36	10.36	10.19			
Spread	$17.41		$23.48			
Rating	NR	NR	NR			
Reoffering: 85	7.00	7.00				
86	7.50	7.50	7.50			
87	8.00	8.00	8.00			
88	8.50	8.20	8.25			
89	9.00	8.40	8.50			
90	9.25	8.60	8.75			
91	9.50	8.75	9.00			
92	9.75	9.00	9.20			
93	10.00	9.25	9.40			
94	10.00	9.50	9.60			
95	9.875	9.75	9.80			
96	10.00	10.00	10.00			
97	10.10	10.10	10.10			
98	10.20	10.25	10.20			
99	10.25	10.30	10.30			
00	10.30	10.30	10.40			
01	10.375	10.40				
02	10.40	10.40				
03	10.50	10.40				
04	10.50	10.40				
05						
06						

nl.7/1

COMPARATIVE SALES DATA

Issuer	East Grand Forks School District MN	North Central School District ND	Beaverhead County School District MT	Ravalli County School District MT	Halstad School District MN	Gallatin County School District MT
Amount	495,000	470,000	750,000	610,000	195,000	700,000
Type	GO	GO	GO	GO	GO	GO
Date	11-13-84	11-14-84	11-16-84	11-20-84	11-27-84	12-12-84
BBI	10.17	10.17	10.24	10.24	10.24	10.00
Spread	$18.69	$16.40	$20.22	$17.68	$15.00	$24.21 (
Rating	NR	NR	NR	NR	NR	NR
Reoffering: 85		7.00	7.00			
86		7.25	7.25	7.25	7.00	7.00
87	7.50	7.75	7.50	7.50	7.40	7.25
88	7.75	8.00	7.75	7.75	7.70	7.50
89	8.00	8.40	8.00	8.00	8.00	7.75
90	8.25	8.60	8.25	8.25	8.20	8.00
91	8.50	8.80	8.50	8.50	8.40	8.25
92	8.75	9.00	8.75	8.70	8.70	8.50
93	9.00	9.20	9.00	9.00	9.00	8.75
94	9.20	9.40	9.20	9.20		9.00
95	9.40	9.60	9.35	9.35		9.20
96	9.60	9.80	9.50	9.50		9.40
97		10.00	9.70	9.70		9.60
98		10.00	9.90	9.90		9.75
99		10.00	10.00	10.00		9.90
00			10.00	10.00		10.00
01			10.00	10.00		10.00
02			10.00	10.00		10.00
03			10.00	10.00		10.10
04			10.00	10.00		10.20
05				10.00		10.25
06						

(1) Includes Bond Counsel Fee

n1.7/1

COMPARATIVE SALES DATA

Issuer	Lidgerwood ND	Golden Valley County School District MT						
Amount	450,000	600,000						
Type	GO	GO						
Date	1-7-85	1-8-85						
BBI	9.87	9.60						
Spread	$12.12	$17.70						
Rating	NR	NR						
Reoffering: 85								
86	6.75	6.50						
87	7.25	7.00						
88	7.75	7.50						
89	8.00	7.75						
90	8.25	8.00						
91	8.50	8.25						
92	8.75	8.50						
93	9.00	8.75						
94	9.20	9.00						
95	9.40	9.10						
96		9.25						
97		9.40						
98		9.50						
99		9.50						
00		9.60						
01		9.70						
02		9.75						
03		9.80						
04		9.80						
05		9.80						
06								

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SECTION 4
SUMMARY OF MONTANA MUNICIPAL DEBT ISSUANCE

The charts on the following two pages indicate the total amount of general obligation, revenue and SID/RSID debt issued by Montana cities, towns, counties and school districts in all of 1982 and 1983. The information was obtained from the November, 1984 edition of Public Debt in Montana.

1982

	Number of Issues		Dollar Volume	
	Unrated	Rated	Unrated	Rated
General Obligation Bonds:				
Under $500,000	4	0	$1,130,500	$ -0-
$500,000 - $2,000,000	4	0	4,548,000	-0-
Over $2,000,000	0	3	-0-	14,651,680
Revenue Bonds:				
Under $500,000	4	1	$1,260,648	$ 50,000
$500,000 - $2,000,000	5	0	3,415,000	-0-
Over $2,000,000	0	0	-0-	-0-
SID and RSID Bonds:				
Under $500,000	11	0	$2,647,825	$ -0-
$500,000 - $2,000,000	3	0	5,131,825	-0-
Over $2,000,000	1	0	9,546,004	-0-

1983

	Number of Issues		Dollar Volume	
	Unrated	Rated	Unrated	Rated
General Obligation Bonds:				
Under $500,000	12	0	$3,511,000	$ -0-
$500,000 - $2,000,000	3	1	4,240,000	1,965,000
Over $2,000,000	0	1	-0-	8,285,000
Revenue Bonds:				
Under $500,000	2	0	$ 695,000	$ -0-
$500,000 - $2,000,000	2	0	1,370,000	-0-
Over $2,000,000	1	3	2,150,000	17,000,000
SID and RSID Bonds:				
Under $500,000	4	0	$ 440,000	$ -0-
$500,000 - $2,000,000	1	0	992,000	-0-
Over $2,000,000	1	0	9,831,472	-0-

SECTION 5
ANALYSIS OF EXISTING BOND BANKS IN OTHER STATES

We analyzed the operations of Bond Banks in the following states: Vermont, New Hampshire, Maine, Alaska and North Dakota. No further information is contained in the report on the North Dakota Bond Bank as they have only issued bonds once since 1980, and most local government entities issue debt outside of the Bond Bank.

The following pages (5-2 through 5-5) summarize certain information regarding the Bond Banks being analyzed. All of the Bond Bank issues are general obligations of the respective Bond Banks (with substantial fund balances), "moral obligations" of the state, and three out of four Bond Banks only purchase general obligation bonds from local government entities. All have credit ratings of at least A from both Moody's and Standard & Poors. From a rating agency standpoint, these Bond Banks have as much or more security than can be offered by a Montana pooled municipal bond program.

Page 5-6 through 5-8 compares the interest rate received on Bond Bank issues sold in 1984 to small local government bond issues in Montana, Minnesota, North Dakota and Wisconsin. In almost all instances, the local government bond issues sold at lower interest rates than the Bond Bank issues.

Even though the underlying security is general obligation bonds of local government entities, Bond Bank issues are revenue bonds of the state (not backed by the taxing power of the state) and when sold in the national market they are priced as revenue bonds. The aforementioned comparison simply shows that if there is a local market for unrated general obligation bond issues they will sell at lower interest rates than nationally marketed bond bank revenue bonds.

VERMONT MUNICIPAL BOND BANK

First Bond Issue:	1972
Total Municipal Bonds Purchased:	$122,520,000
Municipal Bonds Outstanding 12/31/83:	$49,510,000
Rating:	A/A
Security:	- Municipal bonds of local government entities (General Obligation Bonds only) - Moral Obligation - General Obligations of the Bond Bank (Excess Reserves of $3.9 million as of 12/31/83)
Interim Funding:	Local units of government issue Bond Anticipation Notes to local banks prior to bonds being sold by the Municipal Bond Bank.
Costs of Issuance:	The Bond Bank pays all costs of issuance including underwriters discount from Bank fund outside the pledge of the resolution.
Interest Rate Override:	None
Limitations on Size of Municipal Bonds:	None

NEW HAMPSHIRE MUNICIPAL BOND BANK

First Bond Issue:	1978
Total Municipal Bonds Purchased:	$79,918,000
Municipal Bonds Outstanding:	$68,476,000
Rating:	A/A- (Regular Program A'/AA- (State Guaranteed Program)
Security:	- Municipal bonds of local government entities (General Obligation Bonds only) - Moral Obligation - General Obligations of the Bond Bank - Municipal bonds guaranteed by state (State Guaranteed Program only)
Interim Funding:	Local units of government issue Bond Anticipation Notes to local banks prior to bonds being sold by the Municipal Bond Bank.
Costs of Issuance:	The Bond Bank pays all costs of issuance from non-bond proceeds.
Interest Rate Override:	None
Limitation on Size of Municipal Bonds:	None

ALASKA MUNICIPAL BOND BANK

First Bond Issue:	1976
Total Municipal Bonds Purchased:	$128,205,000
Municipal Bonds Outstanding:	$116,870,000
Rating:	A/A
Security:	- Municipal bonds of local government entities (General Obligation Bonds only) - Moral Obligation - General Obligations of the Bond Bank (Fund balances in excess of $10 million) (State appropriations of approximately 10% of the bond issue are contributed at the time of each sale.)
Interim Funding:	Not available
Costs of Issuance:	The Bond Bank pays all costs of issuance including underwriters discount from Bank fund outside the pledge of the resolution.
Interest Rate Override:	None
Limitation on Size of Municipal Bonds:	None

MAINE MUNICIPAL BOND BANK

First Bond Issue:	1973
Total Municipal Bonds Purchased:	Not Available
Municipal Bonds Outstanding:	$230,630,000
Rating:	Aa/AA
Security:	- Municipal bonds of local government entities (General Obligation and Revenue Bonds) - State aids paid directly to the Bond Bank - Moral Obligation - General Obligations of the Bond Bank (Fund balances in excess of $5 million)
Interim Funding:	Local units of government issue Bond Anticipation Notes to local banks prior to bonds being sold by the Municipal Bond Bank.
Costs of Issuance:	The Bond Bank pays all costs of issuance including underwriters discount from Bank fund outside the pledge of the resolution.
Interest Rate Override:	None
Limitations on Size of Municipal Bonds:	None

COMPARATIVE SALES DATA

Issuer	Deer Lodge MT	Minot ND	Prairie du Chien WI	State of New Hampshire		
Amount	300,000	475,000	1,340,000	4,400,000		
Type	Sewer Revenue	Reserve Revenue	GO Refunding	Bond Bank		
Date	2-14-84	3-12-84	3-13-84	3-20-84		
BBI	9.68	9.94	9.94	10.01		
Spread	$19.31	$17.40				
Rating	NR	A1/A+	A	A/A		
Reoffering: 85	6.50		6.25	6.00		
86	6.50	6.30	6.75	6.50		
87	7.00	6.60	7.25	7.00		
88	7.40	7.00	7.50	7.50		
89	7.70	7.25	7.75	8.00		
90	8.00	7.50	8.00	8.40		
91	8.25	7.75	8.25	8.60		
92	8.50	8.00	8.50	8.80		
93	8.70	8.25	8.75	9.00		
94	8.90	8.50	8.90	9.20		
95	9.00	8.75	9.00	9.40		
96	9.15	9.00	9.25	9.60		
97	9.30	9.15	9.40	9.80		
98	9.40	9.30	9.60	9.90		
99	9.50		9.75	10.00		
00	9.60		9.90	10.05		
01	9.65		9.90	10.10		
02	9.70			10.15		
03	9.75			10.20		
04	9.75			10.20		
05						
06						

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COMPARATIVE SALES DATA

Issuer	Glendive School District MT	Thompson School District ND	State of VERMONT	Granite County School District MT		
Amount	1,280,000	320,000	11,100,000	138,000		
Type	GO	GO	Bond Bank Revenue	GO		
Date	5-1-84	5-8-84	5-17-84	5-30-84		
BBI	9.99	9.99	10.36	11.07		
Spread		$17.50				
Rating		NR				
Reoffering: 85	6.25		6.75	7.00		
86	.50	6.75	7.25	7.50		
87	7.00	7.25	7.75	8.00		
88	7.25	7.50	8.25	8.25		
89	7.50	7.75	8.75	8.50		
90	7.75	8.00	9.00			
91	8.00	8.25	9.20			
92	8.25	8.50	9.40			
93	8.50	8.75	9.60			
94	8.75	9.00	10.00			
95	9.00	9.25	10.00			
96	9.20	9.50	10.20			
97	9.30	9.60				
98	9.40	9.70				
99		9.75				
00						
01						
02						
03						
04			10.75			
05						
06						

n1.7/1

COMPARATIVE SALES DATA

Issuer	Perham MN	Havre MT	Ramsey MN	State of ALASKA	State of MAINE	St. Michae MN
Amount	300,000	550,000	2,045,000	16,365,000	23,610,000	610,00
Type	GO	Sewer Revenue	GO	Bond Bank	Bond Bank	GO
Date	9-10-84	9-17-84	9-25-84	10-2-84	10-3-84	10-9-84
BBI	10.18	10.10	9.95	10.15	10.15	10.34
Spread	$15.00	$23.00	$19.00			
Rating	NR	NR	Baal	A/A	Aa/AA	Baal
Reoffering: 85		7.50		7.25	6.50	
86		8.00		7.75	7.00	
87	7.80	8.40	7.50	8.25	7.50	8.00
88	8.00	8.80	7.75	8.75	7.75	8.25
89	8.25	9.10	9.00	9.00	9.00	8.50
90	8.50	9.30	8.25	9.25	8.25	8.75
91	8.70	9.50	8.50	9.25	8.50	9.00
92	8.90	9.70	8.75	9.50	8.75	9.20
93	9.20	9.90	9.00	9.75	9.00	9.40
94	9.40	10.00	9.20	10.00	9.15	9.60
95	9.60	9.80	9.40	10.20	9.30	9.75
96	9.75	10.00	9.50	10.40	9.45	9.90
97		10.10		10.50	9.60	10.00
98		10.20		10.60	9.75	10.10
99		10.30		10.70	9.90	10.20
00		10.40		10.75	10.00	10.20
01		10.50		10.75	10.10	10.20
02		10.60		10.80	10.10	
03		10.70		10.80	10.10	
04		10.80		10.80	10.10	
05						
06						

nl.7/1

SECTION 6
ANALYSIS OF DNRC COAL TAX SEVERANCE BONDS AS COMPARED TO LOCAL MONTANA ISSUERS

One argument for establishment of a Bond Bank is that the bonds issued by this Bond Bank would be priced better (i.e., have lower reoffering scales) than the individual issuances of local governments, due to the additional security enhancements provided to investors by the Bond Bank. In particular, the backup commitment by the State Board of Investments (SBI) to loan funds to the MEDB, should provide an additional level of confidence to investors, permitting a lower yield on the Bond Bank bonds.

As one measure of testing this hypothesis, we have looked at the 1984 sale of the DNRC Coal Tax Bonds. The DNRC bonds were revenue bonds, payable out of loan repayments from local governments that borrowed funds for water projects, and secured by coal severance tax revenues. These bonds were rated "A1/AA," slightly higher than the ratings expected for the Bond Bank program. The chart on page 6-2 shows a comparison between the DNRC sale and the sale five days later of unrated general obligation bonds by Chouteau County, Montana, and the sale two weeks prior of unrated general obligation bonds by the Gallatin County School District, Montana. The BBI had declined 11 basis points in the week following the DNRC sale, while the reoffering scale for Chouteau County was lower than that of the DNRC sale by 20-30 basis points in most maturities. In 1999, the term bonds for the DNRC sale yielded 52 points higher than for Chouteau County. Two weeks prior to the DNRC sale the BBI was 44 basis points higher, and reoffering yields on the Gallatin County School District issue were 25 to 50 basis points higher in the early maturities and identical in the longest maturity.

This analysis indicates that unrated general obligation bonds sold into the Montana market obtain lower interest rates than rated revenue bonds of Montana sold into the national market.

COMPARATIVE SALES DATA

Issuer	Gallatin County School District MT	Department of Natural Resources and Conservation MT	Choteau County MT				
Amount	153,000	10,485,000	1,300,000				
Type	GO	Coal Tax Revenue	GO				
Date	7-18-84	8-2-84	8-7-84				
BBI	10.36	9.92	9.81				
Spread		$24.07					
Rating	NR	A1/AA	NR				
Reoffering: 85	7.00	6.75	6.50				
86	7.50	7.20	7.00				
87	8.00	7.40	7.25				
88	8.20	7.70	7.50				
89	8.40	8.00	7.75				
90	8.60	8.25	8.00				
91	8.75	8.50	8.20				
92	9.00	8.75	8.40				
93	9.25	9.00	8.60				
94	9.50	9.20	8.80				
95	9.75	9.40	9.00				
96	10.00	9.50	9.20				
97	10.10		9.40				
98	10.25		9.60				
99	10.30	10.125	9.60				
00	10.30	10.30					
01	10.40						
02	10.40						
03	10.40						
04	10.40						
05							
06							

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SECTION 7
HYPOTHETICAL MONTANA POOLED MUNICIPAL BOND ISSUE

The following analysis compares the sales of $300,000 and $500,000 local government general obligation bonds, issued both as stand-alone bonds by the local government, and issued through (or sold to) the Bond Bank to determine the net present value advantage to the local government of participating in the Bond Bank program.

The assumptions made in this analysis include:

- The general obligation bonds, in all cases, are issued as 15-year maturities, with level annual debt service;
- The underwriter's discount for a stand-alone issuance is 2.5% and for the Bond Bank issuance is 1.9%;
- The yield scale assumed for the stand-alone issuances is based on historical yield scales from 1984 sales at a time when the BBI was approximately in the middle to high 9's; the yield scale for the Bond Bank issuances is assumed to be 20 basis points lower;
- Issuance cost estimates, including underwriter's discount, were established assuming that the Bond Bank issuances were not the first ever issuances, i.e., that the costs associated with the initial conceptualization and implementation of the program were absorbed through other sources; a detailed breakdown of cost assumptions is included on page 7-3;
- The pro rata share of trustee, registrar and paying agent fees on the Bond Bank issue would be the same as the registrar and paying agent fees on a stand-alone issue; and
- The excess investment earnings on the debt service reserve fund are retained in the program.

For the purposes of this analysis, we have contrasted the $300,000 stand-alone issuance with a $300,000 issuance purchased by the Bond Bank, as one of seven $300,000 issuances, for a total Bond Bank transaction of $2,100,000. Similarly, we have contrasted the $500,000 stand-alone issuance with a $500,000 issuance purchased by the Bond Bank as one of ten $500,000 issuances, for a total Bond Bank transaction of $5,000,000.

Pages 7-4 and 7-5 show debt schedules for the issuance of $300,000 general obligation bonds by a local government as a stand-alone issuance and done through the Bond Bank, respectively. The difference in bid price between the two versions, as shown on the bottom on the schedules (100 vs. 99.527) reflects the difference in costs between a stand-alone and the Bond Bank issuance. As shown in Figure 1, there is a cost difference of $1,426 between the two versions in favor of the stand-alone version, which equates to a discount bid on the Bond Bank version of 99.527.

We then computed the True Interest Cost (TIC) of the two versions, as shown on the bottom of the debt schedules. The TIC is a computation of the present value of the total interest costs that takes into account the time value of money and the different bid levels for the two versions. Note that there is a 12 basis point difference in the respective TIC's, favoring the Bond Bank version of this $300,000 issuance.

This 12 basis point difference reflects the "true" advantage to the local government of issuing their bonds through the Bond Bank. We had assumed earlier that a Bond Bank issuance would have a yield scale 20 points better (lower) than that of a stand-alone issuance by a local government of its own bonds. However, as itemized on page 7-3, we have also assumed greater per issue costs when bonds are issued through the Bond Bank. While the local government saves 20 basis points in annual interest payments, it loses the equivalent of 8 basis points due to higher issuance costs, for a net present value savings of 12 basis points.

In the same manner as the previous analysis of the $300,000 issuance, page 7-6 and 7-7 show debt schedules for the $500,000 issuance as a stand-alone issuance and purchased through the Bond Bank, respectively. As before, we had assumed a 20-point difference in yield scale and higher issuance costs with the Bond Bank transaction, resulting in a lower bid price. In this analysis, note that there is a difference in TIC of 14.8 points, in favor of the Bond Bank transaction.

This 14.8 point difference again reflects the "true" present value advantage to the local government of issuing bonds through the Bond Bank program. The reason for the greater advantage here to the local government, in contrast with the earlier example of the $300,000 issuance, lies in the fact that the issuance costs can be spread out in the case of the larger Bond Bank transaction, reducing the negative impact of higher issuance costs.

BREAKDOWN OF ISSUANCE COST ASSUMPTIONS

BOND BANK ISSUES:

	$2,100,000 Bond Bank 7 Issues	$5,000,000 Bond Bank 10 Issues
Bond Counsel	$ 5,000	$ 7,000
Underwriters Counsel	3,000	4,000
Financial Advisor	3,000	5,000
Printing	5,000	7,000
Rating	2,000	3,000
MEDB Fee	10,500	25,000
Underwriters Discount (1.9% with a 15% reserve account)	45,885	109,250
	$74,385	$160,250
Divided by Number of Issues	$10,626	$16,025
Plus Individual Bond Counsel Fee	1,000	1,000
Cost Per Issue:	$11,626	$17,025

STAND ALONE ISSUES:

	$300,000 Issue	$500,000 Issue
Bond Counsel	$ 2,000	$ 2,000
Printing and Publication	700	1,000
Underwriters Discount (2.5%)	7,500	12,500
Cost Per Issue:	$10,200	$15,500
DIFFERENCE	$ 1,426	$ 1,525

EXAMPLE OF $300,000 UNRATED
GENERAL OBLIGATION BOND SALE
STAND-ALONE ISSUANCE

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	PERIOD TOTAL	FISCAL TOTAL	BONDS OUTSTANDING	BONDS PAID TO DATE
6/ 1/86	10,000.00	6.500000	31,132.50	41,132.50	41,132.50	290,000.00	10,000.00
6/ 1/87	10,000.00	7.000000	26,035.00	36,035.00	36,035.00	280,000.00	20,000.00
6/ 1/88	15,000.00	7.500000	25,335.00	40,335.00	40,335.00	265,000.00	35,000.00
6/ 1/89	15,000.00	7.750000	24,210.00	39,210.00	39,210.00	250,000.00	50,000.00
6/ 1/90	15,000.00	8.000000	23,047.50	38,047.50	38,047.50	235,000.00	65,000.00
6/ 1/91	15,000.00	8.250000	21,847.50	36,847.50	36,847.50	220,000.00	80,000.00
6/ 1/92	15,000.00	8.500000	20,610.00	35,610.00	35,610.00	205,000.00	95,000.00
6/ 1/93	20,000.00	8.750000	19,335.00	39,335.00	39,335.00	185,000.00	115,000.00
6/ 1/94	20,000.00	9.000000	17,585.00	37,585.00	37,585.00	165,000.00	135,000.00
6/ 1/95	20,000.00	9.200000	15,785.00	35,785.00	35,785.00	145,000.00	155,000.00
6/ 1/96	25,000.00	9.400000	13,945.00	38,945.00	38,945.00	120,000.00	180,000.00
6/ 1/97	25,000.00	9.500000	11,595.00	36,595.00	36,595.00	95,000.00	205,000.00
6/ 1/98	30,000.00	9.600000	9,220.00	39,220.00	39,220.00	65,000.00	235,000.00
6/ 1/99	30,000.00	9.700000	6,340.00	36,340.00	36,340.00	35,000.00	265,000.00
6/ 1/ 0	35,000.00	9.800000	3,430.00	38,430.00	38,430.00		300,000.00
	300,000.00		269,452.50	569,452.50			
ACCRUED							
	300,000.00		269,452.50	569,452.50			

DATED 4/ 1/85 WITH DELIVERY OF 4/ 1/85
BOND YEARS 2,905.000
AVERAGE COUPON 9.275
AVERAGE LIFE 9.683
N I C % 9.2754733 % WITH A BID OF 100.000

T I C % 9.1842264 % WITH A BID OF 100.000

EXAMPLE OF $300.000 UNRATED
GENERAL OBLIGATION BOND SALE
AS PURCHASED THROUGH BOND BANK

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	PERIOD TOTAL	FISCAL TOTAL	BONDS OUTSTANDING	BONDS PAID TO DATE
6/ 1/86	10,000.00	6.300000	30,432.50	40,432.50	40,432.50	290,000.00	10,000.00
6/ 1/87	10,000.00	6.800000	25,455.00	35,455.00	35,455.00	280,000.00	20,000.00
6/ 1/88	15,000.00	7.300000	24,775.00	39,775.00	39,775.00	265,000.00	35,000.00
6/ 1/89	15,000.00	7.550000	23,680.00	38,680.00	38,680.00	250,000.00	50,000.00
6/ 1/90	15,000.00	7.800000	22,547.50	37,547.50	37,547.50	235,000.00	65,000.00
6/ 1/91	15,000.00	8.050000	21,377.50	36,377.50	36,377.50	220,000.00	80,000.00
6/ 1/92	15,000.00	8.300000	20,170.00	35,170.00	35,170.00	205,000.00	95,000.00
6/ 1/93	20,000.00	8.550000	18,925.00	38,925.00	38,925.00	185,000.00	115,000.00
6/ 1/94	20,000.00	8.800000	17,215.00	37,215.00	37,215.00	165,000.00	135,000.00
6/ 1/95	20,000.00	9.000000	15,455.00	35,455.00	35,455.00	145,000.00	155,000.00
6/ 1/96	25,000.00	9.200000	13,655.00	38,655.00	38,655.00	120,000.00	180,000.00
6/ 1/97	25,000.00	9.300000	11,355.00	36,355.00	36,355.00	95,000.00	205,000.00
6/ 1/98	30,000.00	9.400000	9,030.00	39,030.00	39,030.00	65,000.00	235,000.00
6/ 1/99	30,000.00	9.500000	6,210.00	36,210.00	36,210.00	35,000.00	265,000.00
6/ 1/ 0	35,000.00	9.600000	3,360.00	38,360.00	38,360.00		300,000.00
	300,000.00		263,642.50	563,642.50			
ACCRUED							
	300,000.00		263,642.50	563,642.50			

DATED 4/ 1/85 WITH DELIVERY OF 4/ 1/85
BOND YEARS 2,905.000
AVERAGE COUPON 9.075
AVERAGE LIFE 9.683
N I C % 9.1243201 % WITH A BID OF 99.527

T I C % 9.0641916 % WITH A BID OF 99.527

EXAMPLE OF $500,000 UNRATED
GENERAL OBLIGATION BOND SALE
STAND-ALONE ISSUANCE

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DEBT SERVICE SCHEDULE

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DATE	PRINCIPAL	COUPON	INTEREST	PERIOD TOTAL	FISCAL TOTAL	BONDS OUTSTANDING	BONDS PAID TO DATE
6/ 1/86	20,000.00	6.500000	51,837.92	71,837.92	71,837.92	480,000.00	20,000.00
6/ 1/87	20,000.00	7.000000	43,132.50	63,132.50	63,132.50	460,000.00	40,000.00
6/ 1/88	20,000.00	7.500000	41,732.50	61,732.50	61,732.50	440,000.00	60,000.00
6/ 1/89	20,000.00	7.750000	40,232.50	60,232.50	60,232.50	420,000.00	80,000.00
6/ 1/90	25,000.00	8.000000	38,682.50	63,682.50	63,682.50	395,000.00	105,000.00
6/ 1/91	25,000.00	8.250000	36,682.50	61,682.50	61,682.50	370,000.00	130,000.00
6/ 1/92	30,000.00	8.500000	34,620.00	64,620.00	64,620.00	340,000.00	160,000.00
6/ 1/93	30,000.00	8.750000	32,070.00	62,070.00	62,070.00	310,000.00	190,000.00
6/ 1/94	35,000.00	9.000000	29,445.00	64,445.00	64,445.00	275,000.00	225,000.00
6/ 1/95	35,000.00	9.200000	26,295.00	61,295.00	61,295.00	240,000.00	260,000.00
6/ 1/96	40,000.00	9.400000	23,075.00	63,075.00	63,075.00	200,000.00	300,000.00
6/ 1/97	45,000.00	9.500000	19,315.00	64,315.00	64,315.00	155,000.00	345,000.00
6/ 1/98	50,000.00	9.600000	15,040.00	65,040.00	65,040.00	105,000.00	395,000.00
6/ 1/99	50,000.00	9.700000	10,240.00	60,240.00	60,240.00	55,000.00	445,000.00
6/ 1/ 0	55,000.00	9.800000	5,390.00	60,390.00	60,390.00		500,000.00
	500,000.00		447,790.42	947,790.42			
ACCRUED							
	500,000.00		447,790.42	947,790.42			

DATED 4/ 1/85 WITH DELIVERY OF 4/ 1/85
BOND YEARS 4,828.333
AVERAGE COUPON 9.274
AVERAGE LIFE 9.657
N I C % 9.2742233 % WITH A BID OF 100.000

T I C % 9.1844596 % WITH A BID OF 100.000

EXAMPLE OF $500,000 UNRATED
GENERAL OBLIGATION BOND SALE
AS PURCHASED THROUGH BOND BANK

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DEBT SERVICE SCHEDULE

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DATE	PRINCIPAL	COUPON	INTEREST	PERIOD TOTAL	FISCAL TOTAL	BONDS OUTSTANDING	BONDS PAID TO DATE
6/ 1/86	20,000.00	6.300000	50,671.25	70,671.25	70,671.25	480,000.00	20,000.00
6/ 1/87	20,000.00	6.800000	42,172.50	62,172.50	62,172.50	460,000.00	40,000.00
6/ 1/88	20,000.00	7.300000	40,812.50	60,812.50	60,812.50	440,000.00	60,000.00
6/ 1/89	20,000.00	7.550000	39,352.50	59,352.50	59,352.50	420,000.00	80,000.00
6/ 1/90	25,000.00	7.800000	37,842.50	62,842.50	62,842.50	395,000.00	105,000.00
6/ 1/91	25,000.00	8.050000	35,892.50	60,892.50	60,892.50	370,000.00	130,000.00
6/ 1/92	30,000.00	8.300000	33,880.00	63,880.00	63,880.00	340,000.00	160,000.00
6/ 1/93	30,000.00	8.550000	31,390.00	61,390.00	61,390.00	310,000.00	190,000.00
6/ 1/94	35,000.00	8.800000	28,825.00	63,825.00	63,825.00	275,000.00	225,000.00
6/ 1/95	35,000.00	9.000000	25,745.00	60,745.00	60,745.00	240,000.00	260,000.00
6/ 1/96	40,000.00	9.200000	22,595.00	62,595.00	62,595.00	200,000.00	300,000.00
6/ 1/97	45,000.00	9.300000	18,915.00	63,915.00	63,915.00	155,000.00	345,000.00
6/ 1/98	50,000.00	9.400000	14,730.00	64,730.00	64,730.00	105,000.00	395,000.00
6/ 1/99	50,000.00	9.500000	10,030.00	60,030.00	60,030.00	55,000.00	445,000.00
6/ 1/ 0	55,000.00	9.600000	5,280.00	60,280.00	60,280.00		500,000.00
	500,000.00		438,133.75	938,133.75			
ACCRUED							
	500,000.00		438,133.75	938,133.75			

DATED 4/ 1/85 WITH DELIVERY OF 4/ 1/85
BOND YEARS 4,828.333
AVERAGE COUPON 9.074
AVERAGE LIFE 9.657
N I C % 9.1057042 % WITH A BID OF 99.696

T I C % 9.0365924 % WITH A BID OF 99.696

STANDING COMMITTEE REPORT

FEBRUARY 19 19 85

MR. PRESIDENT

We, your committee on BUSINESS & INDUSTRY

having had under consideration SENATE BILL No. 408

first reading copy (white)
color

EXEMPT CAPITAL COMP. FROM DUTY TO REGISTER AS SECURITIES SALESMAN, ISSUER

Respectfully report as follows: That SENATE BILL No. 408

DO PASS

~~DO NOT PASS~~

Mike Halligan Chairman.