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UNIVERSITY
of ALASKA
Many Traditions One Alaska

March 24, 2009

The Honorable Representative Mike Kelly
State Capitol, Room 513
Juneau, Alaska 99801-1182

Dear Representative Kelly:

On behalf of the University of Alaska and President Hamilton, I offer this letter of support for House Bill 184: "An Act relating to debt authorization of the University of Alaska". My position is Controller for the University of Alaska and I oversee its debt function.

AS14.40.253 requires that when the University anticipates a financing will exceed \$1.0 million in annual debt service, notice to and approval from the Legislature is required. This bill updates the statute for construction inflation by increasing that threshold to \$2.5 million. I believe this bill will reduce the administrative impact to the University and Legislature for approving smaller debt issuances. At the same time, Legislative oversight is retained for relatively large debt issuances.

AS14.40.253 was originally issued in 1990 and construction inflation in Alaska has been steady since. In 1990, \$1.0 million of annual debt service was about a \$15 million capital project financing. Now, that same project costs about \$40 million, or approximately \$2.5 million in annual debt service.

The University has solid credit ratings from Standard and Poor's at AA-, and Aa3 from Moody's Investors Services. With \$127 million in debt currently outstanding, the University is below half of the Board of Regents' debt policy limit of five percent of unrestricted revenues, or \$317 million. The University's track record shows that it has used debt prudently and responsibly to further its strategic mission in the state.

I appreciate your support of House Bill 184. If there are any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Myron J. Dosch".

Myron Dosch

Derek Miller

From: Myron J. Dosch [Myron.Dosch@alaska.edu]
Sent: Monday, March 23, 2009 9:46 AM
To: Derek Miller
Subject: Re: Heads up HB 184

Derek -

To follow up on this morning's House Education Committee hearing on HB184.

All UA capital projects need capital project receipt authority regardless of the source(s) of funding.

Under AS14.40.253, if the capital project anticipates annual debt service over \$1.0m, then notice and approval is needed. The approval referred to here is not receipt authority, rather it is specific approval language that would need to be written into a bill. (This is why the statute says "An appropriation for the project does not constitute approval of the project for the purpose of this section.")

If the project anticipates annual debt service under \$1.0m, AS14.40.253 does not apply. All that is needed is receipt authority. The university can issue debt without any special notice or approval.

Hope this helps,

Myron

Derek Miller wrote:

>
> Myron -
>
> A bill got added to the committee hearing today. They'll bring it up
> first according to the committee aide. I'd suggest dialing in from
> your office around 8:00AM and listen to the hearing until you hear HB
> 184 being brought up. That way you can still do work in your office as
> the hearing goes along.
>
> Call me if you have questions, I'll be here for another 45 minutes,
> then I'm going to shoot down to the committee room.
>
> 465-6879.
>
> -D
>
> Derek Miller / Legislative Aide
>
> Office of Representative Mike Kelly
>
> Fairbanks, District 7
>
> p: 907.465.6879/ c: 907.978.1360/ f: 907.465.3883
>
> <http://www.housemajority.org/kelly/index.php>
>

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FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB184
 () Publish Date: _____

Identifier (file name): HB184-UA-Sysbra-03-23-09 Dept. Affected: University of Alaska
 Title An act relating to the debt authorization of the University of RDU University of Alaska
Alaska Component Sysbra
 Sponsor Representatives Kelly and Fairclough Component Number _____
 Requester Education Committee

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

HB184 increases the debt authorization level for the University of Alaska and is not anticipated to have a measurable fiscal impact on the University of Alaska.

Prepared by: Alesia Kruckenberg
 Division: University of Alaska
 Approved by: Michelle Rizk
University of Alaska

Phone 907-450-8426
 Date/Time 3/23/09 2:00PM
 Date 3/23/09 2:00PM