



# LAWS OF ALASKA

**2005**

**FIRST SPECIAL SESSION**

**Source**  
CCS SB 73

**Chapter No.**  
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## **AN ACT**

Relating to reimbursement of municipal bonds for school construction; relating to a lease-purchase agreement for the construction, equipping, and financing of a state virology laboratory in Fairbanks to be operated by the Department of Health and Social Services; relating to the issuance of certificates of participation for the laboratory; relating to the use of certain investment income for certain construction and equipment costs for the laboratory; and providing for an effective date.

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**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

THE ACT FOLLOWS ON PAGE 1



## AN ACT

1 Relating to reimbursement of municipal bonds for school construction; relating to a lease-  
2 purchase agreement for the construction, equipping, and financing of a state virology  
3 laboratory in Fairbanks to be operated by the Department of Health and Social Services;  
4 relating to the issuance of certificates of participation for the laboratory; relating to the use of  
5 certain investment income for certain construction and equipment costs for the laboratory; and  
6 providing for an effective date.

7 \_\_\_\_\_  
8 \* **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section  
9 to read:

10 INTENT. It is the intent of the legislature that the amount of money to be used for the  
11 construction and equipping of a new state virology laboratory in Fairbanks is \$24,200,000.  
12 Of that amount, it is the intent of the legislature that

13 (1) \$24,000,000 shall come from the proceeds of the certificates of

1 participation to be issued by the state bond committee under sec. 5 of this Act; and  
2 (2) \$200,000 shall come from the investment income earned on the proceeds  
3 of the sale of the certificates of participation described in sec. 5 of this Act.

4 \* **Sec. 2.** AS 14.11.100(a) is amended to read:

5 (a) During each fiscal year, the state shall allocate to a municipality that is a  
6 school district the following sums:

7 (1) payments made by the municipality during the fiscal year two years  
8 earlier for the retirement of principal and interest on outstanding bonds, notes, or other  
9 indebtedness incurred before July 1, 1977, to pay costs of school construction;

10 (2) 90 percent of

11 (A) payments made by the municipality during the fiscal year  
12 two years earlier for the retirement of principal and interest on outstanding  
13 bonds, notes, or other indebtedness incurred after June 30, 1977, and before  
14 July 1, 1978, to pay costs of school construction;

15 (B) cash payments made after June 30, 1976, and before July 1,  
16 1978, by the municipality during the fiscal year two years earlier to pay costs  
17 of school construction;

18 (3) 90 percent of

19 (A) payments made by the municipality during the fiscal year  
20 two years earlier for the retirement of principal and interest on outstanding  
21 bonds, notes, or other indebtedness incurred after June 30, 1978, and before  
22 January 1, 1982, to pay costs of school construction projects approved under  
23 AS 14.07.020(a)(11);

24 (B) cash payments made after June 30, 1978, and before July 1,  
25 1982, by the municipality during the fiscal year two years earlier to pay costs  
26 of school construction projects approved under AS 14.07.020(a)(11);

27 (4) subject to (h) and (i) of this section, up to 90 percent of

28 (A) payments made by the municipality during the current  
29 fiscal year for the retirement of principal and interest on outstanding bonds,  
30 notes, or other indebtedness incurred after December 31, 1981, and authorized  
31 by the qualified voters of the municipality before July 1, 1983, to pay costs of

1 school construction, additions to schools, and major rehabilitation projects that  
2 exceed \$25,000 and are approved under AS 14.07.020(a)(11);

3 (B) cash payments made after June 30, 1982, and before July 1,  
4 1983, by the municipality during the fiscal year two years earlier to pay costs  
5 of school construction, additions to schools, and major rehabilitation projects  
6 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

7 (C) payments made by the municipality during the current  
8 fiscal year for the retirement of principal and interest on outstanding bonds,  
9 notes, or other indebtedness to pay costs of school construction, additions to  
10 schools, and major rehabilitation projects that exceed \$25,000 and are  
11 submitted to the department for approval under AS 14.07.020(a)(11) before  
12 July 1, 1983, and approved by the qualified voters of the municipality before  
13 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the  
14 annual growth rate of average daily membership of the municipality is more  
15 than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual  
16 growth rate of average daily membership of the municipality is 12 percent or  
17 more; payments made by a municipality under this subparagraph on total  
18 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph  
19 are subject to (5)(A) of this subsection;

20 (5) subject to (h) - (j) of this section, 80 percent of

21 (A) payments made by the municipality during the fiscal year  
22 for the retirement of principal and interest on outstanding bonds, notes, or  
23 other indebtedness authorized by the qualified voters of the municipality

24 (i) after June 30, 1983, but before March 31, 1990, to  
25 pay costs of school construction, additions to schools, and major  
26 rehabilitation projects that exceed \$25,000 and are approved under  
27 AS 14.07.020(a)(11); or

28 (ii) before July 1, 1989, and reauthorized before  
29 November 1, 1989, to pay costs of school construction, additions to  
30 schools, and major rehabilitation projects that exceed \$25,000 and are  
31 approved under AS 14.07.020(a)(11); and

1 (B) cash payments made after June 30, 1983, by the  
2 municipality during the fiscal year two years earlier to pay costs of school  
3 construction, additions to schools, and major rehabilitation projects that exceed  
4 \$25,000 and are approved by the department before July 1, 1990, under  
5 AS 14.07.020(a)(11);

6 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments  
7 made by the municipality during the fiscal year for the retirement of principal and  
8 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
9 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay  
10 costs of school construction, additions to schools, and major rehabilitation projects  
11 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

12 (7) subject to (h) - (j) and (m) of this section, 70 percent of payments  
13 made by the municipality during the fiscal year for the retirement of principal and  
14 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified  
15 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay  
16 costs of school construction, additions to schools, and major rehabilitation projects;

17 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
18 projects funded by the bonds, notes, or other indebtedness have been approved by the  
19 commissioner, 70 percent of payments made by the municipality during the fiscal year  
20 for the retirement of principal and interest on outstanding bonds, notes, or other  
21 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
22 1995, but before July 1, 1998, to pay costs of school construction, additions to  
23 schools, and major rehabilitation projects that exceed \$200,000 and are approved  
24 under AS 14.07.020(a)(11);

25 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after  
26 projects funded by the bonds, notes, or other indebtedness have been approved by the  
27 commissioner, 70 percent of payments made by the municipality during the fiscal year  
28 for the retirement of principal and interest on outstanding bonds, notes, or other  
29 indebtedness authorized by the qualified voters of the municipality on or after July 1,  
30 1998, but before July 1, 2006, to pay costs of school construction, additions to  
31 schools, and major rehabilitation projects that exceed \$200,000 and are approved

1 under AS 14.07.020(a)(11);

2 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after  
3 projects funded by the bonds, notes, or other indebtedness have been approved by the  
4 commissioner, 70 percent of payments made by the municipality during the fiscal year  
5 for the retirement of principal and interest on outstanding bonds, notes, or other  
6 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
7 1998, to pay costs of school construction, additions to schools, and major  
8 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),  
9 and are not reimbursed under (n) of this section;

10 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects  
11 funded by the bonds, notes, or other indebtedness have been approved by the  
12 commissioner, 70 percent of payments made by a municipality during the fiscal year  
13 for the retirement of principal and interest on outstanding bonds, notes, or other  
14 indebtedness authorized by the qualified voters of the municipality on or after June 30,  
15 1999, but before January 1, 2005, to pay costs of school construction, additions to  
16 schools, and major rehabilitation projects and education-related facilities that exceed  
17 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)  
18 or (o) of this section;

19 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent  
20 of payments made by a municipality during the fiscal year for the retirement of  
21 principal and interest on outstanding bonds, notes, or other indebtedness authorized by  
22 the qualified voters of the municipality on or after June 30, 1999, but before January 1,  
23 2005, to pay costs of school construction, additions to schools, and major  
24 rehabilitation projects and education-related facilities that exceed \$200,000, are  
25 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
26 section;

27 **(13) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after**  
28 **projects funded by the tax exempt bonds, notes, or other indebtedness have been**  
29 **approved by the commissioner, 70 percent of payments made by a municipality**  
30 **during the fiscal year for the retirement of principal and interest on outstanding**  
31 **tax exempt bonds, notes, or other indebtedness authorized by the qualified voters**

1 of the municipality on or after June 30, 1999, but before October 31, 2006, to pay  
2 costs of school construction, additions to schools, and major rehabilitation  
3 projects and education-related facilities that exceed \$200,000, are approved  
4 under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this  
5 section;

6 (14) subject to (h), (i), (j)(2), (3), and (5), and (q) of this section, 60  
7 percent of payments made by a municipality during the fiscal year for the  
8 retirement of principal and interest on outstanding tax exempt bonds, notes, or  
9 other indebtedness authorized by the qualified voters of the municipality on or  
10 after June 30, 1999, but before October 31, 2006, to pay costs of school  
11 construction, additions to schools, and major rehabilitation projects and  
12 education-related facilities that exceed \$200,000, are reviewed under  
13 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

14 (15) subject to (h), (i), (j)(2) - (5), and (r) of this section, and after  
15 projects funded by the bonds, notes, or other indebtedness have been approved  
16 by the commissioner, 90 percent of payments made by a municipality during the  
17 fiscal year for the retirement of principal and interest on outstanding bonds,  
18 notes, or other indebtedness authorized by the qualified voters of the  
19 municipality on or after June 30, 1999, but before October 31, 2006, to pay costs  
20 of school construction, additions to schools, and major rehabilitation projects and  
21 education-related facilities that exceed \$200,000, are approved under  
22 AS 14.07.020(a)(11), meet the 10 percent participating share requirement for a  
23 municipal school district under AS 14.11.008(b), and are not reimbursed under  
24 (n) or (o) of this section.

25 \* Sec. 3. AS 14.11.100(j) is amended to read:

26 (j) Except as provided in (I) of this section, the state may not allocate money  
27 to a municipality for a school construction project under (a)(5), (6), or (7) of this  
28 section unless the municipality complies with the requirements of (1) - (5) of this  
29 subsection, the project is approved by the commissioner before the local vote on the  
30 bond issue for the project or for bonds authorized after March 31, 1990, but on or  
31 before April 30, 1993, the bonds are approved by the commissioner before



1 reimbursement by the state, and the local vote occurs before July 1, 1987, or after  
2 June 30, 1988. In approving a project under this subsection, and to the extent required  
3 under **(a)(8) - (15)** [(a)(8) - (12)] of this section, the commissioner shall require

4 (1) the municipality to include on the ballot for the bond issue, for  
5 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated  
6 total cost of each project including estimated total interest, estimated annual operation  
7 and maintenance costs, the estimated amounts that will be paid by the state and by the  
8 municipality, and the approximate amount that would be due in annual taxes on  
9 \$100,000 in assessed value to retire the debt;

10 (2) that the bonds may not be refunded unless the annual debt service  
11 on the refunding issue is not greater than the annual debt service on the original issue;

12 (3) that the bonds must be repaid in approximately equal annual  
13 principal payments or approximately equal debt service payments over a period of at  
14 least 10 years;

15 (4) the municipality to demonstrate need for the project by establishing  
16 that the school district has

17 (A) projected long-term student enrollment that indicates the  
18 district has inadequate facilities to meet present or projected enrollment;

19 (B) facilities that require repair or replacement in order to meet  
20 health and safety laws or regulations or building codes;

21 (C) demonstrated that the project will result in a reduction in  
22 annual operating costs that economically justifies the cost of the project; or

23 (D) facilities that require modification or rehabilitation for the  
24 purpose of improving the instructional program;

25 (5) evidence acceptable to the department that the district

26 (A) has a preventive maintenance plan that

27 (i) includes a computerized maintenance management  
28 program, cardex system, or other formal systematic means of tracking  
29 the timing and costs associated with planned and completed  
30 maintenance activities, including scheduled preventive maintenance;

31 (ii) addresses energy management for buildings owned

1 or operated by the district;

2 (iii) includes a regular custodial care program for  
3 buildings owned or operated by the district;

4 (iv) includes preventive maintenance training for  
5 facility managers and maintenance employees; and

6 (v) includes renewal and replacement schedules for  
7 electrical, mechanical, structural, and other components of facilities  
8 owned or operated by the district; and

9 (B) is adequately following the preventive maintenance plan.

10 \* **Sec. 4.** AS 14.11.100 is amended by adding new subsections to read:

11 (q) The total amount of school construction projects approved for  
12 reimbursement by the department under (a)(13) and (a)(14) of this section

13 (1) may not exceed \$177,256,000;

14 (2) after June 30, 1999, and until October 31, 2006, shall be allocated  
15 as follows:

16 (A) \$61,925,000 to projects in a municipality with a public  
17 school enrollment of 45,000 or more students in fiscal year 2005, as  
18 determined under AS 14.17.500;

19 (B) \$40,570,000 to projects in a municipality with a public  
20 school enrollment of at least 14,600 but less than 20,000 students in fiscal year  
21 2005, as determined under AS 14.17.500;

22 (C) \$20,000,000 to projects in a municipality with a public  
23 school enrollment of at least 10,000 but less than 14,600 students in fiscal year  
24 2005, as determined under AS 14.17.500;

25 (D) \$2,588,000 to projects in a municipality with a public  
26 school enrollment of at least 7,500 but less than 10,000 students in fiscal year  
27 2005, as determined under AS 14.17.500;

28 (E) \$5,995,000 to projects in a municipality with a public  
29 school enrollment of at least 4,000 but less than 6,000 students in fiscal year  
30 2005, as determined under AS 14.17.500;

31 (F) \$1,237,000 to projects in a municipality with a public

1 school enrollment of at least 2,400 but less than 2,800 students in fiscal year  
2 2005, as determined under AS 14.17.500;

3 (G) \$1,100,000 to projects in a municipality with a public  
4 school enrollment of at least 2,200 but less than 2,400 students in fiscal year  
5 2005, as determined under AS 14.17.500;

6 (H) \$7,164,000 to projects in a municipality with a public  
7 school enrollment of at least 1,300 but less than 1,500 students in fiscal year  
8 2005, as determined under AS 14.17.500;

9 (I) \$1,260,000 to projects in a municipality with a public  
10 school enrollment of at least 740 but less than 757 students in fiscal year 2005,  
11 as determined under AS 14.17.500;

12 (J) \$608,000 to projects in a municipality with a public school  
13 enrollment of at least 650 but less than 700 students in fiscal year 2005, as  
14 determined under AS 14.17.500;

15 (K) \$32,000,000 to projects in a municipality with a public  
16 school enrollment of at least 500 but less than 600 students in fiscal year 2005,  
17 as determined under AS 14.17.500;

18 (L) \$2,809,000 to projects in a municipality with a public  
19 school enrollment of at least 370 but less than 390 students in fiscal year 2005,  
20 as determined under AS 14.17.500.

21 (r) The total amount of school construction projects approved for  
22 reimbursement by the department under (a)(15) of this section

23 (1) may not exceed \$14,644,000;

24 (2) after June 30, 1999, and until October 31, 2006, shall be allocated  
25 as follows:

26 (A) \$6,522,000 to projects in a municipality with a public  
27 school enrollment of at least 1,925 but less than 2,025 students in fiscal year  
28 2005, as determined under AS 14.17.500;

29 (B) \$8,122,000 to projects in a municipality with a public  
30 school enrollment of at least 398 but less than 400 students in fiscal year 2005,  
31 as determined under AS 14.17.500.

1     \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3           NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-  
4 PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of  
5 Administration is authorized to enter into a lease-purchase agreement for a state virology  
6 laboratory in Fairbanks to be constructed under the lease-purchase agreement and to be  
7 operated by the Department of Health and Social Services.

8           (b) The state bond committee is authorized to provide for the issuance of certificates  
9 of participation in one or more series in the aggregate principal amount of \$24,000,000 for the  
10 construction of a state virology laboratory in Fairbanks under the lease-purchase agreement  
11 authorized in (a) of this section. The remaining balance of the construction and equipping  
12 costs shall be paid from investment income of \$200,000 earned on the proceeds of the sale of  
13 the certificates of participation. The estimated total cost of construction, acquisition, and  
14 other costs of the project is \$24,200,000. The estimated annual amount of rental obligations  
15 under the lease-purchase agreement is \$2,375,000. The estimated total lease payment for the  
16 full term of the lease-purchase agreement is \$35,572,890. In this subsection, "cost of  
17 construction" includes credit enhancement and underwriting expenses, rating agency fees,  
18 bond counsel fees, financial advisor fees, printing fees, advertising fees, capitalized interest,  
19 and interest earnings used for lease payments.

20           (c) The state bond committee may contract for credit enhancement, underwriting,  
21 credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that  
22 the committee considers necessary in financing the project described in this section.

23     \* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25           APPROVAL OF AGREEMENT. Section 5 of this Act constitutes the approval  
26 required by AS 36.30.085.

27     \* **Sec. 7.** This Act takes effect immediately under AS 01.10.070(c).