

LEGAL SERVICES

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MEMORANDUM

March 11, 2009

SUBJECT: Alaska Mental Health Trust Authority Subport Office Building
(CSHB 161(); Work Order No. 26-LS0605\T)

TO: Representative Cathy Muñoz
Attn: Terry Harvey

FROM: Tamara Brandt Cook
Director

TBC

Sec. 1. The legislature finds that the Alaska Mental Health Trust Authority intends to use up to \$22,700,000 for the Alaska Mental Health Trust Authority Subport Office Building and that the total cost of the facility will be \$45,400,000. The legislature intends that the state provide up to \$22,700,000 for the facility.

Sec. 2. Technical amendment to conform to bill sec. 3.

Sec. 3. Requires \$22,700,000 of the principal of the mental health trust fund to be deposited into a separate trust land development account and directs the Alaska Mental Health Trust Authority to use money in the account to finance the development of facilities on mental health trust land. The authority is required to exercise the powers of a state fiduciary with respect to the investment of assets of the account and to contract with the Trust Land Office in the Department of Natural Resources to serve as an external real estate investment manager.

Sec. 4. Technical amendment to conform to bill sec. 3.

Sec. 5. Technical amendment to conform to bill sec. 3.

Sec. 6. Technical amendment to conform to bill sec. 3.

Sec. 7. (a) Authorizes the state bond committee to provide for the issuance of certificates of participation in an amount of up to \$22,700,000 for the construction of the Alaska Mental Health Trust Authority Subport Office Building if the balance of the construction costs in an amount of up to \$22,700,000 is made available by the Alaska Mental Health Trust Authority. The estimated total cost of construction, acquisition, certain financing expenses, and equipping the facility is \$45,400,000.

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(b) The state bond committee may contract for services necessary in the financing of the facility.

(c) The Department of Administration is authorized to enter into a lease with a term of 20 years for the use of the facility by state agencies. As much of the lease payments as necessary shall be used to pay the principal of and interest on the certificates of participation. The estimated annual amount of rental obligation under the lease is \$1,759,802. The estimated total amount of lease payments is \$35,196,035. At the end of the lease term, the authority will own the facility.

(d) The Department of Administration is authorized to enter into a second lease with a term of 30 years for the use of the facility by agencies. The estimated annual amount of rental obligation is \$3,665,000. The estimated total amount of lease payments for the full term is \$125,243,047.

(e) The lease payments under both leases are subject to annual appropriation.

(f) The authority shall manage and operate the facility.

Sec. 8. The Act has an immediate effective date.

TBC:plm

09-159.plm