



With Spirit and Strength

March 11, 2020

Representative Bart LeBon
State Capitol Room 418
Juneau AK, 99801
VIA email to: Representative.Bart.LeBon@akleg.gov

RE: HB 268 Changes

Representative Bart LeBon:

We write you today to express our support of the changes proposed in HB 268 to increase the percentage of financing allowed on construction of health care facilities. In 2009, the Aleutian Pribilof Islands Association (APIA) was approved to enter into the Joint Venture program with the Indian Health Service (IHS) to construct a new health facility in Unalaska. We have been working with the Qawalangin Tribe, the local community health center, and local government to bring this project forward. These changes to HB268 will benefit our efforts as well as those of other Tribal health care facilities throughout the state of Alaska.

As we have progressed with our project, one of the areas of concern we have is the ability to obtain adequate financing at reasonable interest rates. Constructing a health care facility in rural Alaska requires a significant amount of capital. Interest costs can be a significant burden that impact the viability of a project of our size. We believe having the option to finance our future health care facility through the Bond Bank would lower our overall costs and simplify the financing logistics of the project.

Prior to HB 268 we would need to find an additional borrower for the remaining 51% of the project. This increases costs because of the additional administration work and coordination required between two lenders. Additionally, commercial banks cannot compete against the low rates offered by the Bond Bank. Private Banks require a return on their investment, which leads to higher interest rates overall costs.

Thank you for your work and advocacy on HB 268. We hope to be able to finance our future projects entirely through the Bond Bank. HB 268 will allow us to keep more of our limited funds working in our communities, which in turn helps us complete our mission of providing quality services to the Unangax people of the Aleutian and Pribilof Islands Region.

Sincerely,


Dimitri Philemonof
President/CEO