



# LAWS OF ALASKA

2001

**Source**

SCS CSSSHB 76(FIN)(efd fld H)

**Chapter No.**

55

**AN ACT**

Providing for and relating to the issuance of certificates of participation to finance construction of a new facility to be known as the Alaska Psychiatric Institute; giving notice of and approving the entry into and the issuance of certificates of participation in a lease-purchase agreement for construction of a new facility to be known as the Alaska Psychiatric Institute; giving notice of the intent and approval to retain investment income from pertinent appropriations to be applied to the cost of construction of a new facility to be known as the Alaska Psychiatric Institute; relating to the construction of a facility to be known as the Alaska Psychiatric Institute.

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

THE ACT FOLLOWS ON PAGE 1

**Approved by the Governor:** June 28, 2001

**Actual Effective Date:** September 26, 2001

AN ACT

1 Providing for and relating to the issuance of certificates of participation to finance  
2 construction of a new facility to be known as the Alaska Psychiatric Institute; giving notice of  
3 and approving the entry into and the issuance of certificates of participation in a lease-  
4 purchase agreement for construction of a new facility to be known as the Alaska Psychiatric  
5 Institute; giving notice of the intent and approval to retain investment income from pertinent  
6 appropriations to be applied to the cost of construction of a new facility to be known as the  
7 Alaska Psychiatric Institute; relating to the construction of a facility to be known as the  
8 Alaska Psychiatric Institute.

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10 \* **Section 1.** The uncoded law of the State of Alaska is amended by adding a new section  
11 to read:

12 FINDINGS AND INTENT. (a) The legislature previously appropriated money for

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1 the construction or the purchase of facilities to replace the existing Alaska Psychiatric  
2 Institute. Construction of a replacement within the appropriated amount proved impossible  
3 when all bids received for the designed replacement were substantially higher than estimated  
4 and exceeded the money available for the project. At present, \$19,200,000 has been  
5 appropriated and is available for the purpose of replacing the existing Alaska Psychiatric  
6 Institute facility. It is the intent of the legislature that the money previously appropriated,  
7 along with the proceeds of certificates of participation to be issued by the state bond  
8 committee under sec. 5 of this Act, including any investment income earned on or after July 1,  
9 2000, be used to construct a new facility to be known as the Alaska Psychiatric Institute.

10 (b) To assist in replacing the existing Alaska Psychiatric Institute facility, the Alaska  
11 Mental Health Trust Authority has set aside money in the amount of \$2,000,000, with an  
12 additional \$1,000,000 to be available July 1, 2002, that will be used for the construction of a  
13 new facility to be known as the Alaska Psychiatric Institute. In addition, it is the intent of the  
14 legislature, with the concurrence of the Alaska Mental Health Trust Authority, that the  
15 investment income earned on the money set aside for construction of the new facility to be  
16 known as the Alaska Psychiatric Institute will also be applied to the costs of constructing the  
17 new facility.

18 (c) It is the intent of the legislature that the amount of money to be used for  
19 construction of, acquisition of, and equipping a new facility to be known as the Alaska  
20 Psychiatric Institute is \$41,744,000. Of that amount, \$22,200,000 would be from the sources  
21 described in (a) and (b) of this section and \$16,000,000 would be from the proceeds of  
22 certificates of participation to be issued by the state bond committee under sec. 5 of this Act,  
23 and \$3,544,000 would be from the estimated investment income earned on the money  
24 described in (a) and (b) of this section and on the proceeds of the sale of certificates of  
25 participation described in sec. 5 of this Act.

26 (d) The legislature finds that the Shared Vision, which is memorialized in a  
27 Memorandum of Understanding signed in April of 2001 by the Alaska Mental Health Trust  
28 Authority, the Department of Health and Social Services, the University of Alaska, and  
29 Providence Alaska Medical Center, provides the framework for land exchanges and other  
30 commitments that will facilitate the replacement of the Alaska Psychiatric Institute. The  
31 Memorandum of Understanding contemplates a road extension through the property presently

1 occupied by the Alaska Psychiatric Institute facility. The road construction will be addressed  
2 separately, possibly through federal funding.

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

5 REPLACEMENT OF THE ALASKA PSYCHIATRIC INSTITUTE. The  
6 commissioner of health and social services shall provide for the construction of a new facility  
7 to be known as the Alaska Psychiatric Institute. The replacement facility must include a  
8 forensic psychiatric unit.

9 \* **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 DELEGATION OF AUTHORITY FOR LEASE-PURCHASE AGREEMENT. The  
12 Department of Health and Social Services is delegated the Department of Administration's  
13 authority under AS 36.30.085 to enter into a lease-purchase agreement for a new facility to be  
14 known as the Alaska Psychiatric Institute.

15 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
16 read:

17 LEASE-PURCHASE PAYMENTS. The lease payments owed under a lease-purchase  
18 agreement executed under sec. 5 of this Act are subject to annual appropriation by the  
19 legislature.

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

22 NOTICE OF ENTRY INTO AND FINANCING OF LEASE-PURCHASE  
23 AGREEMENT. (a) Subject to annual appropriation, the Department of Health and Social  
24 Services is authorized to enter into a lease-purchase agreement for a facility to be known as  
25 the Alaska Psychiatric Institute.

26 (b) The state bond committee is authorized to provide for the issuance of certificates  
27 of participation in one or more series in the aggregate principal amount of \$16,000,000 for the  
28 construction of a facility to be known as the Alaska Psychiatric Institute, with the remaining  
29 balance of the construction costs, in the amount of \$25,744,000, to be paid from the other  
30 money sources described in sec. 1 of this Act, including \$3,544,000 of investment income  
31 earned on the other money sources described in sec. 1 of this Act and on the proceeds of the

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1 sale of the certificates of participation. The estimated total cost of construction, acquisition,  
2 and equipping the project is \$41,744,000. The estimated annual amount of rental obligations  
3 under the lease-purchase agreement is \$1,640,000. The estimated total lease payments for the  
4 full term of the lease-purchase agreement is \$24,600,000. In this subsection, "cost of  
5 construction" includes credit enhancement and underwriting expenses, rating agency fees,  
6 bond counsel fees, financial advisor fees, printing fees, advertising fees, capitalized interest,  
7 and interest earnings used for lease payments.

8 (c) Under terms approved by the Department of Health and Social Services, upon the  
9 payment of all principal and interest payments under the certificates of participation, title to  
10 the new facility known as Alaska Psychiatric Institute shall vest in the State of Alaska.

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

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

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