

**CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 76(HES)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Offered: 3/29/01

Referred: Finance

Sponsor(s): REPRESENTATIVE ROKEBERG

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act providing for and relating to the issuance of certificates of participation to**  
2 **finance demolition of all or part of the existing facility known as the Alaska Psychiatric**  
3 **Institute and construction of a new facility to be known as the Alaska Psychiatric**  
4 **Institute; giving notice of and approving the entry into and the issuance of certificates of**  
5 **participation in a lease-purchase agreement for demolition of all or part of the existing**  
6 **facility known as the Alaska Psychiatric Institute and construction of a new facility to be**  
7 **known as the Alaska Psychiatric Institute; relating to construction of a facility to be**  
8 **known as the Alaska Psychiatric Institute; and providing for an effective date."**

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

10 \* **Section 1.** The uncodified 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

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. The attempt to replace the existing facility  
 5 through purchase of another existing facility failed when local zoning processes made it  
 6 impossible to complete the purchase contract and ultimately use the other facility. At present,  
 7 \$19,200,000 has been appropriated and is available for the purpose of replacing the existing  
 8 Alaska Psychiatric Institute facility. It is the intent of the legislature that that money, along  
 9 with the proceeds of certificates of participation to be issued by the state bond committee  
 10 under sec. 5 of this Act, be used to construct a new facility to be known as the Alaska  
 11 Psychiatric Institute.

12 (b) To assist in replacing the existing Alaska Psychiatric Institute facility, the Alaska  
 13 Mental Health Trust Authority has set aside available money in the amount of \$3,000,000 that  
 14 could be used for the construction of a new facility to be known as the Alaska Psychiatric  
 15 Institute.

16 (c) It is the intent of the legislature that the amount of money to be used for  
 17 construction of, acquisition of, and equipping a new facility to be known as the Alaska  
 18 Psychiatric Institute is \$58,750,000. Of that amount, \$22,200,000 would be from sources  
 19 described in (a) and (b) of this section and \$36,550,000 would be from the proceeds of  
 20 certificates of participation to be issued by the state bond committee under sec. 5 of this Act.

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

23 **REPLACEMENT OF THE ALASKA PSYCHIATRIC INSTITUTE.** The  
 24 commissioner of health and social services shall provide for the demolition of all or part of  
 25 the existing facility known as the Alaska Psychiatric Institute and construction of a new  
 26 facility to be known as the Alaska Psychiatric Institute. The replacement facility must include  
 27 a forensic psychiatric unit that is separate from other elements of the facility. In this section,  
 28 "forensic psychiatric unit" means a facility for the assessment, treatment, custody, and  
 29 confinement of mentally abnormal criminal offenders. The commissioner shall cooperate  
 30 with the Department of Corrections, the University of Alaska Anchorage, Providence Hospital  
 31 in Anchorage, Alaska Regional Hospital in Anchorage, and the Municipality of Anchorage in

1 the design and construction of the replacement facility.

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

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

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

10 LEASE-PURCHASE PAYMENTS. The lease payments owed under a lease-purchase  
11 agreement executed under sec. 3 of this Act are subject to annual appropriation by the  
12 legislature.

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

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

19 (b) The state bond committee is authorized to provide for the issuance of certificates  
20 of participation in one or more series in the aggregate principal amount of \$36,550,000 for the  
21 construction of a facility to be known as the Alaska Psychiatric Institute, with the remaining  
22 balance of the construction costs, in the amount of \$22,200,000, to be paid from other money  
23 as described in sec. 1 of this Act. The estimated total cost of construction of, acquisition of,  
24 and equipping the project is \$58,750,000. The estimated annual amount of rental obligations  
25 under the lease-purchase agreement is \$3,700,000. The estimated total lease payments for the  
26 full term of the lease-purchase agreement is \$55,000,000. In this subsection, "cost of  
27 construction" includes demolition of all or part of the existing facility known as the Alaska  
28 Psychiatric Institute, credit enhancement and underwriting expenses, rating agency fees, bond  
29 counsel fees, financial advisor fees, printing fees, trustee fees, advertising fees, capitalized  
30 interest, and interest earnings used for lease payments.

31 (c) Under terms approved by the Department of Health and Social Services, upon the

1 payment of all principal and interest payments under the certificates of participation, title to  
2 the new facility known as Alaska Psychiatric Institute shall vest in the State of Alaska.

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

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

8 NOTICE AND APPROVAL OF AGREEMENT. Section 5 of this Act constitutes the  
9 notice and approval required by AS 36.30.085.

10 \* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to  
11 read:

12 DEFINITION. In this Act, "construction" includes the cost of demolition of all or part  
13 of the existing facility known as the Alaska Psychiatric Institute.

14 \* **Sec. 8.** This Act takes effect immediately under AS 01.10.070(c).