

SENATE CS FOR CS FOR SS FOR HOUSE BILL NO. 76(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/6/01

Referred: Rules

Sponsor(s): REPRESENTATIVES ROKEBERG, Mulder, Meyer, Cissna

A BILL

FOR AN ACT ENTITLED

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

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

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

1 FINDINGS AND INTENT. (a) The legislature previously appropriated money for
2 the construction or the purchase of facilities to replace the existing Alaska Psychiatric
3 Institute. Construction of a replacement within the appropriated amount proved impossible
4 when all bids received for the designed replacement were substantially higher than estimated
5 and exceeded the money available for the project. At present, \$19,200,000 has been
6 appropriated and is available for the purpose of replacing the existing Alaska Psychiatric
7 Institute facility. It is the intent of the legislature that the money previously appropriated,
8 along with the proceeds of certificates of participation to be issued by the state bond
9 committee under sec. 5 of this Act, including any investment income earned on or after July 1,
10 2000, be used to construct a new facility to be known as the Alaska Psychiatric Institute.

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

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

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

1 Memorandum of Understanding contemplates a road extension through the property presently
 2 occupied by the Alaska Psychiatric Institute facility. The road construction will be addressed
 3 separately, possibly through federal funding.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 * **Sec. 7.** This Act takes effect on the earlier of either

20 (1) the effective date of an appropriation passed by the United States Congress
 21 and enacted into law for payment of at least \$15,000,000 for the demolition of the current
 22 facility known as the Alaska Psychiatric Institute and for reclamation of the site of the facility;
 23 or

24 (2) the date of the awarding of a grant of federal funds for payment of at least
 25 \$15,000,000 for the demolition of the current facility known as the Alaska Psychiatric
 26 Institute and for reclamation of the site of the facility.