

**SENATE BILL NO. 96**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

**BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**Introduced: 2/16/01**

**Referred: Health, Education and Social Services, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

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

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

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

11            **FINDINGS AND INTENT.** (a) The legislature previously appropriated money for  
12 the construction or the purchase of facilities to replace the existing Alaska Psychiatric  
13 Institute. Construction of a replacement within the appropriated amount proved impossible

1 when all bids received for the designed replacement were substantially higher than estimated  
2 and exceeded the money available for the project. The attempt to replace the existing facility  
3 through purchase of another existing facility failed when local zoning processes made it  
4 impossible to complete the purchase contract and ultimately use the other facility. At present,  
5 \$19,200,000 has been appropriated and is available for the purpose of replacing the existing  
6 Alaska Psychiatric Institute facility. It is the intent of the legislature that that money, along  
7 with the proceeds of certificates of participation to be issued by the state bond committee  
8 under sec. 4 of this Act, be used to construct a new facility to be known as the Alaska  
9 Psychiatric Institute.

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

14 (c) It is the intent of the legislature that the amount of money to be used for  
15 construction, acquisition, and equipping a new facility to be known as the Alaska Psychiatric  
16 Institute is \$58,750,000. Of that amount, \$22,200,000 would be from sources described in (a)  
17 and (b) of this section and \$36,550,000 would be from the proceeds of certificates of  
18 participation issued under sec. 4 of this Act.

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

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

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

27 LEASE-PURCHASE PAYMENTS. (a) The lease payments owed under a lease-  
28 purchase agreement executed under sec. 2 of this Act are subject to annual appropriation by  
29 the legislature.

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

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

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

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

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

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

25 NOTICE AND APPROVAL OF AGREEMENT. Section 4 of this Act constitutes the  
26 notice and approval required by AS 36.30.085.

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

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

31 \* **Sec. 7.** This Act takes effect July 1, 2001.