

**HOUSE BILL NO. 161**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES MUÑOZ, Thomas, Kerttula, Lynn,, Johansen, Peggy Wilson

Introduced: 2/27/09

Referred: Community and Regional Affairs, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Alaska Mental Health Trust Authority Subport Office Building;**  
2 **authorizing the issuance of certificates of participation for construction of the building**  
3 **and authorizing the use of up to \$25,000,000 from the mental health trust fund for**  
4 **construction of the building; approving leases of all or part of the building by the**  
5 **Department of Administration; and providing for an effective date."**

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

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

9 LEGISLATIVE FINDINGS AND INTENT. (a) The legislature finds that the

10 (1) Alaska Mental Health Trust Authority intends to use up to \$25,000,000  
11 from the mental health trust fund (AS 37.14.031) in the construction of a new facility to be  
12 known as the Alaska Mental Health Trust Authority Subport Office Building, to be located on  
13 land held in trust by the authority in Juneau; and

1 (2) cost of constructing and equipping the new facility will be \$50,000,000.

2 (b) The legislature intends that the state provide up to \$25,000,000 from the issuance  
3 of certificates of participation for the construction of the new facility and that the Department  
4 of Administration lease all or part of the facility on its completion for use as office space for  
5 state agencies under two separate leases, with the lease payments from one of them used to  
6 pay the principal of and interest on the certificates of participation to the extent needed to  
7 meet the debt obligation.

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

10 MENTAL HEALTH TRUST FUND REAL ESTATE INVESTMENT. (a)  
11 Notwithstanding AS 37.13.300, the Board of Trustees of the Alaska Permanent Fund  
12 Corporation may allocate up to \$25,000,000 from the principal of the mental health trust fund  
13 (AS 37.14.031) for the purpose of acquisition, construction, and equipping of a facility to be  
14 known as the Alaska Mental Health Trust Authority Subport Office Building on land held in  
15 trust by the Alaska Mental Health Trust Authority. The Board of Trustees of the Alaska  
16 Permanent Fund may contract with the Trust Land Office in the Department of Natural  
17 Resources to serve as an external real estate investment manager in connection with the  
18 development of the project as a revenue-producing office and retail facility.

19 (b) The allocation authorized under (a) of this section is subject to the requirements of  
20 AS 37.13.120(c)(1) and (2), but is not subject to the diversification requirement under  
21 AS 37.13.120(c).

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

24 FINANCING AND LEASE AGREEMENTS. (a) The state bond committee is  
25 authorized to provide for the issuance of certificates of participation in one or more series in  
26 the aggregate principal amount of up to \$25,000,000 for the construction of a facility to be  
27 known as the Alaska Mental Health Trust Authority Subport Office Building in Juneau if the  
28 balance of the construction costs in the amount of up to \$25,000,000 is made available from  
29 the mental health trust fund (AS 37.14.031). Interest income on the certificate of participation  
30 proceeds may be used to pay arbitrage rebates, with the balance to be used for debt service  
31 during construction or additional costs of construction and equipping the facility. The

1 estimated total cost of construction, acquisition, and equipping the facility is \$50,000,000,  
2 including costs of credit enhancement, underwriting, rating agency fees, bond counsel fees,  
3 financial advisor fees, printing, and advertising.

4 (b) The state bond committee may contract for credit enhancement, underwriting,  
5 credit ratings, bond counsel, financial advisors, printing, advertising, and trustee services that  
6 the committee considers necessary in financing the acquisition and construction of the Alaska  
7 Mental Health Trust Authority Support Office Building.

8 (c) The Department of Administration is authorized to enter into a lease agreement  
9 with the Alaska Mental Health Trust Authority with a term of 20 years for the use of all or  
10 part of the Alaska Mental Health Trust Authority Support Office Building by state agencies.  
11 In addition to other funds that may be available for the purpose, as much of the lease  
12 payments for the facility as are necessary to pay the principal of and interest on the  
13 certificates of participation when due shall be used for that purpose. The estimated annual  
14 amount of rental obligation under a lease agreement executed under this subsection is  
15 \$2,075,000. The estimated total amount of lease payments for the full term of the lease  
16 agreement is \$41,500,000. At the end of the term of the lease, ownership shall be vested in the  
17 Alaska Mental Health Trust Authority. This subsection constitutes the approval required by  
18 AS 36.30.080.

19 (d) The Department of Administration is authorized to enter into a lease agreement  
20 with the Alaska Mental Health Trust Authority with a term of 30 years for the use of all or  
21 part of the Alaska Mental Health Trust Authority Support Office Building by state agencies.  
22 The estimated annual amount of rental obligation under a lease agreement executed under this  
23 subsection is \$3,665,029. The estimated total amount of lease payments for the full term of  
24 the lease agreement is \$136,875,042. This subsection constitutes the approval required by  
25 AS 36.30.080.

26 (e) The lease payments owed under a lease agreement executed under (c) of this  
27 section and the lease payments owed under a lease agreement executed under (d) of this  
28 section are subject to annual appropriation by the legislature.

29 (f) The Alaska Mental Health Trust Authority shall manage and operate the Alaska  
30 Mental Health Trust Authority Support Office Building.

31 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).