

SENATE BILL NO. 88

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced: 3/27/13

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act authorizing the state bond committee to issue certificates of participation to
2 finance the construction and equipping of residential housing to serve the Anchorage
3 campus of the Alaska Native Medical Center; and authorizing the Department of
4 Administration to enter into a lease-purchase agreement for the benefit of the Alaska
5 Native Tribal Health Consortium."

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 INTENT. It is the intent of the legislature that the amount of money to be used for
10 construction and equipping of a residential housing facility and an elevated pedestrian bridge
11 to the hospital to serve the Anchorage campus of the Alaska Native Medical Center is
12 \$35,000,000 plus investment income. Of that amount, it is the intent of the legislature that

13 (1) \$35,000,000 come from the proceeds of the certificates of participation to

1 be issued by the state bond committee;

2 (2) subject to appropriation, investment income earned on the proceeds of the
3 sale of the certificates of participation be applied to the project;

4 (3) title to the project and the leasehold interest of the state remain with the
5 State of Alaska until the certificates of participation are repaid, at which time title will be
6 transferred to the Alaska Native Tribal Health Consortium for no additional consideration and
7 the state's leasehold interest shall terminate;

8 (4) the design, construction, operations, and maintenance of the facility be the
9 responsibility of the Alaska Native Tribal Health Consortium; and

10 (5) issuance of the certificates of participation be contingent on the signing of
11 a memorandum of agreement between the Alaska Native Tribal Health Consortium and the
12 State of Alaska and payments on the certificates of participation be subject to appropriation.

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

15 NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-
16 PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of
17 Administration is authorized to enter into a lease-purchase agreement for a residential housing
18 facility and related pedestrian bridge to be constructed and equipped under the lease-purchase
19 agreement and to be operated by the Alaska Native Tribal Health Consortium.

20 (b) The state bond committee is authorized to provide for the issuance of certificates
21 of participation in one or more series in the aggregate principal amount of \$35,000,000 for the
22 construction of a residential housing facility and related pedestrian bridge to serve the
23 Anchorage campus of the Alaska Native Medical Center under the lease-purchase agreement
24 authorized in (a) of this section. The remaining balance of the cost of construction and
25 equipping shall be paid from investment income earned on the proceeds from the sale of the
26 certificates of participation. The estimated annual amount of rental obligation under the lease-
27 purchase agreement is \$2,800,000. The estimated total lease payment for the full term of the
28 lease-purchase agreement is \$42,000,000. In this subsection, "cost of construction" includes
29 credit enhancement and underwriting expenses, rating agency fees, bond counsel fees,
30 financial advisor fees, printing fees, advertising fees, capitalized interest, and interest earnings
31 used for lease payments.

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

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

6 **APPROVAL OF AGREEMENT.** Section 2 of this Act constitutes the approval
7 required by AS 36.30.085 of the agreement described in sec. 2 of this Act.