

Introduced: 4/5/78
Referred: Community & Regional
Affairs and Health, Education &
Social Services

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 CS HOUSE BILL NO. 917 AMS
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to an Alaska Medical Facility Autho-
7 rity; and providing for an effective date."

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

9 * Section 1. AS 18 is amended by adding a new chapter to read:

10 CHAPTER 26. ALASKA MEDICAL FACILITY AUTHORITY.

11 Sec. 18.26.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-
12 lature finds that

13 (1) there exist inadequate medical care and medical facili-
14 ties in certain localities of the state, and in other localities medi-
15 cal care is not available and medical facilities do not exist at all;

16 (2) construction funding under Title VI of the Public
17 Health Service Act (42 U.S.C. 291 et seq.) and the Mental Retardation
18 Facilities and Community Mental Health Centers Construction Act of
19 1963 (P. L. 88-164) has not been forthcoming to the degree necessary,
20 either alone or when combined with state or local funds, to ameliorate
21 Alaska's need for medical care and medical facilities; and

22 (3) it is essential that the people of this state have
23 adequate medical care and medical facilities at a reasonable cost.

24 (b) It is declared to be the policy of the state, in the inter-
25 ests of promoting the health and general welfare of all of its people,
26 to provide acceptable alternative means of financing the constructing
27 and equipping of needed medical facilities which, in number, size,
28 type, distribution, operation, and services, are consistent with the
29 orderly and economic development of medical facilities and services,

1 are in the public interest, avoid unnecessary duplication of medical
2 facilities and services, are economical in the use of health personnel,
3 and will assure admission and care of high quality to all who need it.
4 The legislature finds that this policy will be implemented by creating
5 a public corporation called the Alaska Medical Facility Authority,
6 with powers, duties, and functions as provided in this chapter.

7 Sec. 18.26.020. CREATION OF AUTHORITY. There is created the
8 Alaska Medical Facility Authority the sole purpose of which is to
9 provide and finance medical facilities for the benefit of the people
10 of the State of Alaska. The authority is a public corporation and an
11 instrumentality of the state within the Department of Revenue, but
12 with a separate and independent legal existence.

13 Sec. 18.26.030. BOARD OF DIRECTORS OF THE AUTHORITY. The autho-
14 rity shall be managed and controlled by a three-person board of
15 directors, consisting of the commissioner of revenue, who shall also
16 chair the board, the commissioner of health and social services, and
17 the commissioner of community and regional affairs. If any member of
18 the board is unable for any reason to attend a meeting of the authority
19 she or he may by an instrument filed with the board and incorporated
20 into the minutes of the meeting, designate another person within her
21 or his department to serve as a member at that meeting. For purposes
22 of this chapter, an acting commissioner is a member of the board until
23 a commissioner assumes office.

24 Sec. 18.26.040. MEETINGS, COMPENSATION, OFFICERS AND EXPENSES.

25 (a) Two members of the board constitute a quorum for the transaction
26 of business or the exercise of a power or function at a meeting of the
27 board. All decisions of the board must be initiated by motion or
28 resolution and the vote and decision must be recorded in the board's
29 minute book which is a public record. Two affirmative votes are

1 required for the passage of any motion or resolution. Notice of all
2 meetings must be given in accordance with regulations adopted by the
3 board. All meetings of the board, for any purpose whatsoever, must be
4 open to the public.

5 (b) Members of the board serve without salary but each member is
6 entitled to reimbursement from authority funds for actual and necessary
7 expenses incurred in the performance of official duties as a member of
8 the board.

9 (c) The board may appoint an executive director who serves at
10 its pleasure and may appoint and employ other persons or officers it
11 considers advisable, including but not limited to professional advisors,
12 architects, technical experts, agents, and support personnel. The
13 attorney general is the legal counsel for the authority, and private
14 counsel may be retained only with the express written approval of the
15 attorney general. The executive director, if any, is responsible for
16 keeping records of all meetings of the board and is custodian of all
17 books, documents, and papers filed with the board, the minute book,
18 and journals. In the absence of an executive director, the board
19 shall designate one member of the board to fulfill the duties mentioned
20 in this subsection. The person responsible for those duties may cause
21 copies to be made of all minutes, records, and documents of the board
22 and may give certificates of the authority to the effect that those
23 copies are true copies and all persons dealing with the authority may
24 rely on those certificates.

25 Sec. 18.26.050. POWERS OF AUTHORITY. The authority has all
26 powers necessary to carry out the purposes of this chapter including,
27 but not limited to, the following:

- 28 (1) to sue and be sued in its own name;
29 (2) to adopt a seal and alter it at pleasure;

1 (3) to adopt, amend, and repeal by-laws for its organiza-
2 tion, management of its internal affairs, and the conduct of its
3 business consistent with the provisions of this chapter;

4 (4) to adopt regulations, in accordance with AS 44.62,
5 governing the exercise of its corporate powers;

6 (5) to acquire by purchase, construction, exchange, gift,
7 lease, or otherwise, real or personal property, rights, rights-of-way,
8 franchises, easements, and other interests in land, including land
9 lying under water and riparian rights which are located within the
10 state, taking title to it in the name of the authority;

11 (6) to accept gifts, grants, or loans from, and enter into
12 contracts or other transactions regarding them with, a federal agency
13 or an agency or instrumentality of the state, a municipality, private
14 organization, or other source;

15 (7) to provide the financing incidental to purchasing, con-
16 structing, improving, extending, and equipping medical facilities
17 within the state;

18 (8) to lease to any political subdivision of the state or
19 non-profit corporation medical facilities upon terms and conditions
20 the board considers appropriate, and to terminate any such lease upon
21 default of the lessee;

22 (9) to enter into options and agreements for the renewal or
23 extension of leases of medical facilities leased under (8) of this
24 section or for the conveyance or options to convey, including renewals,
25 of those medical facilities;

26 (10) to sell, exchange, donate, convey, pledge, or otherwise
27 encumber in any manner by mortgage or by creation of any other security
28 interest, real or personal property owned by it, or in which it has an
29 interest, to pledge the revenues and receipts from such assets, and to

1 arrange and provide for guarantees and other security agreements when,
2 in the judgment of the authority, the action is in furtherance of its
3 corporate purposes;

4 (11) to issue notes and revenue bonds in amounts considered
5 necessary by the authority to pay the cost of establishing and equip-
6 ping medical facilities and to secure payment of the notes and revenue
7 bonds as provided in this chapter;

8 (12) to deposit or otherwise invest its funds, subject to
9 agreements with bondholders, in any property or securities in which
10 banks or trust companies may legally invest, so long as no member of
11 the board of directors or its executive director has any personal
12 interest, either directly or indirectly, in any such depository or
13 investment entity and the funds are held in reserves or sinking
14 funds, if those deposited or invested funds are not required for
15 reasonably foreseeable disbursement;

16 (13) to arrange or contract for services, privileges,
17 works, facilities, or management and operation of a medical facility;

18 (14) to fix and revise, from time to time, and to charge
19 and collect rates, rents, fees, and charges for the use of and services
20 furnished or to be furnished by a medical facility;

21 (15) to insure any real or personal property or operations
22 of the authority against any risks or hazards;

23 (16) to purchase its bonds at a price not more than the
24 principal amount of them plus accrued interest; all bonds so purchased
25 must be cancelled;

26 (17) to maintain an office at places it may designate;

27 (18) to make mortgage loans or other secured loans to a
28 medical facility, to refund or refinance outstanding obligations,
29 mortgages, or advances issued, made, or given by the medical facility

1 for the costs of its facilities, including the issuance of bonds and
2 the making of loans to a medical facility, when the authority finds
3 that such financing is in the public interest and alleviates the
4 financial hardship upon the medical facility, is in connection with
5 other financing by the authority for the medical facility, or may be
6 expected to result in a lower cost of patient care and a saving to
7 third parties, including the state or the federal government, and to
8 others who must pay for the health care, or any combination of those
9 factors.

10 (19) to obtain, or aid in obtaining, from any department or
11 agency of the United States or of this state or any private company,
12 any insurance or guarantee as to, or of, or for the payment or repay-
13 ment of interest or principal, or both, or any part of interest or
14 principal on any loan, lease, or obligation, or any instrument evidenc-
15 ing or securing a loan, lease, or obligation entered into under this
16 chapter; and, notwithstanding any other provisions of this chapter, to
17 enter into any agreement, contract, or any other instrument whatsoever
18 with respect to any such insurance or guarantee, to accept payment in
19 the manner and form provided in it in the event of default by a medical
20 facility, and to assign any such insurance or guarantee as security
21 for the authority's bonds.

22 Sec. 18.26.060. OPERATION AND MANAGEMENT OF MEDICAL FACILITIES.

23 (a) The authority may not maintain or operate any medical facility.
24 However, if the operator of a medical facility or trustee under a
25 trust agreement default under any material provisions of the contrac-
26 tual documents, the authority may operate and maintain the medical
27 facility on an interim basis for a limited period of time as is neces-
28 sary to recruit another knowledgable and competent operator or trustee.

29 (b) All references to the maintenance or operation of a medical

1 facility within this chapter must be strictly construed as subject to
2 the limitation of (a) of this section and are not expansions of,
3 additions to, or in any other manner an amplification of the restric-
4 tive intent and language of (a).

5 Sec. 18.26.070. EXPENSES OF AUTHORITY. All expenses of the
6 authority incurred in carrying out the provisions of this chapter are
7 payable solely from funds provided under this chapter and no liability
8 may be incurred by the authority beyond the extent to which money has
9 been provided under this chapter. However, for the purposes of meeting
10 the necessary expenses of initial organization and operation of the
11 authority for the period commencing on the effective date of this Act
12 and continuing until the authority derives money from funds provided
13 to it under this chapter, the authority may borrow the money it
14 requires and may repay it, with appropriate interest, over a reasonable
15 period of time. A liability incurred under this section is a liability
16 of the authority only, and not a liability of the state.

17 Sec. 18.26.080. BONDS OF THE AUTHORITY. (a) The authority may
18 borrow money and may issue bonds for it, payable from the revenue
19 derived by it from its interest in any one or more medical facilities
20 or from its income and receipts or other assets generally, or a desig-
21 nated part of them. The issuance of such revenue bonds is governed by
22 the provisions of this chapter and is not subject to the prior approval
23 of the voters of the state. All such bonds, whether coupon or fully
24 registered are negotiable instruments for all purposes of the Uniform
25 Commercial Code.

26 (b) The authority shall issue revenue bonds only by resolution
27 adopted by its board after finding that (1) the lessee or operator of
28 the medical facility is financially responsible and competent to
29 operate the facility, and the lease or operation contract has been

1 approved by the authority and the lessee or operator; and (2) financ-
2 ing the medical facility will be advantageous to the public welfare of
3 the state and the community in which the medical facility is or is to
4 be located. The resolution must also specify the public purpose for
5 which the proceeds of the revenue bonds must be expended and declare
6 the projected cost of carrying out that purpose.

7 (c) The bonds may be issued as serial bonds, as term bonds, or
8 bonds of both types. The authorizing bond resolution must state the
9 maturity date which may not exceed 40 years from the bond's date of
10 issue, the rate of interest, the time of payment, the denomination,
11 whether coupon or fully registered, whether transferable, exchangeable,
12 or interchangeable, the registration and conversion privileges, if
13 any, the covenant that payments are to be only in lawful money of the
14 United States of America at the place the board authorizes, and the
15 terms of redemption, if any. The bonds, notes, or attached interest
16 coupons must be executed by manual or facsimile signatures of the
17 officers of the authority designated by the board. Pending preparation
18 of the definitive bonds, the authority may issue interim receipts or
19 certificates which must be exchanged for the definitive bonds.

20 (d) The bond resolution must provide for the establishment of
21 one or more special funds, and those funds may be under the control of
22 the board or one or more trustees. The bond resolution must obligate
23 the authority to deposit and expend the proceeds of the revenue bonds
24 only into and from those funds. The authority may issue and sell
25 revenue bonds payable as to interest and principal only out of those
26 funds.

27 (e) All bonds may be sold at public or private sale in the
28 manner, at the time, and for the price determined by the authority.

29 (f) Before the issuance of any bonds, the authority shall verify

1 that the lease or operator agreement for the medical facility being
2 financed by that issue is at least sufficient, in the judgment of the
3 authority, (1) to pay the principal of and interest on the bonds as
4 they become due; (2) to create and maintain the reserves for them as
5 the authority considers necessary or desirable; and (3) to meet all
6 obligations in connection with the lease or operator agreement, includ-
7 ing all costs necessary to service the bonds.

8 (g) Bonds of the authority may be secured by a pooling of leases
9 by which the authority may assign its rights and pledge rents under
10 two or more leases of medical facilities, upon terms that may be pro-
11 vided for in bond resolutions of the authority.

12 (h) Any bond resolution may contain provisions, which constitute
13 a part of the contract with the holders of the bonds, as to:

14 (1) the rentals, fees and other amounts to be charged, and
15 the sums to be raised in each year by them, and the use, investment,
16 and disposition of those sums;

17 (2) the setting aside of reserves or sinking funds, and the
18 regulation, investment, and disposition of them;

19 (3) limitations on the use of the medical facility;

20 (4) limitations on the issuance of additional bonds, the
21 terms upon which additional bonds may be issued and secured, the terms
22 upon which additional bonds may rank on a parity with, or be subordi-
23 nate or superior to, other bonds;

24 (5) the refunding of outstanding bonds;

25 (6) the procedure, if any, by which the terms of any con-
26 tract with bondholders may be amended or abrogated;

27 (7) any matters relating to the bonds which the authority
28 considers desirable.

29 (i) The authority may contract for the future sale of revenue

1 bonds by which contract purchasers shall be committed to the prices,
2 terms, and conditions stated in each contract. The authority may pay
3 the consideration it considers proper for those commitments.

4 (j) The superior court has jurisdiction to hear and determine
5 actions or proceedings relating to the authority, including actions or
6 proceedings brought to foreclose or otherwise enforce a mortgage,
7 pledge, assignment, or security interest or brought by or for the
8 benefit or security of a holder of its bonds or by a trustee for or
9 other representative of the holders.

10 Sec. 18.26.090. BOND ANTICIPATION NOTES. The authority may issue
11 and sell bond anticipation notes which must be on the terms, bear the
12 date, mature at the time, be in the denomination and in the form,
13 payable in the medium at the place and subject to the terms of redemp-
14 tion as the authority considers necessary or advisable in the manner
15 provided in this chapter.

16 Sec. 18.26.100. TRUST INDENTURES AND TRUST AGREEMENTS. In the
17 discretion of the authority, an issue of bonds may be secured by a
18 trust indenture, trust agreement, indenture of mortgage or deeds of
19 trust (all considered "trust agreements" in this chapter) between the
20 authority and a corporate trustee which corporate trustee may be a
21 trust company, bank, or national banking association, with corporate
22 trust powers, located inside or outside the state or by a secured loan
23 agreement or other instrument or under a resolution giving powers to a
24 corporate trustee by means of which the authority may:

25 (1) make any covenants and agreements with the trustee or
26 the holders of the bonds which the authority determines to be necessary
27 or desirable, including, without limitation, covenants and agreements
28 as to

29 (A) the application, investment, deposit, use, and

1 disposition of the proceeds of bonds of the authority or of money
2 or other property of the authority or in which it has an interest;

3 (B) the fixing and collection of rent or other con-
4 sideration for, and the other terms to be incorporated in a lease
5 or contract of sale of a project;

6 (C) the assignment by the authority of its rights in
7 the lease or contract of sale of a project or in a mortgage or
8 other security interest created with respect to a project to a
9 trustee for the benefit of bondholders;

10 (D) the terms and conditions upon which additional
11 bonds of the authority may be issued;

12 (E) the vesting in a trustee, of rights, powers,
13 duties, funds, or property in trust for the benefit of bondholders,
14 including, without limitation, the right to enforce payment,
15 performance, and all other rights of the authority or of the
16 bondholders, under a lease, contract of sale, mortgage, security
17 agreement, or trust agreement with respect to a project by injunc-
18 tion or other proceeding or by taking possession of by agent or
19 otherwise and operating a project and collecting rent or other
20 consideration and applying it in accordance with the trust agree-
21 ment;

22 (2) pledge, mortgage or assign money, leases, agreements,
23 property or other assets of the authority either presently in hand or
24 to be received in the future, or both; and

25 (3) provide for any other matters of like or different
26 character which in any way affect the security or protection of the
27 bonds.

28 Sec. 18.26.110. LIABILITY FOR ISSUANCE. Neither the members of
29 the authority nor any person executing the bonds is liable personally

1 on the bonds or is subject to any personal liability or accountability
2 by reason of the issuance of them.

3 Sec. 18.26.120. BONDHOLDER CLAIMS AGAINST SPECIAL FUNDS. Any
4 notes or revenue bonds issued against any special funds provided for
5 in this chapter are a valid claim of the holder of them only as against
6 those special funds in the proportion or amount of the revenues pledged
7 to such funds and such other authority assets as the board may have
8 pledged. All notes or revenue bonds payable from a special fund,
9 shall, on the face of the note or revenue bond, name the fund and the
10 resolution creating them.

11 Sec. 18.26.130. CONFLICT OF INTERESTS; MEMBERS, EMPLOYEES, AGENTS
12 OR ADVISORS. (a) No member of the board may vote on a resolution of
13 the board relating to a lease or contract to be entered into by the
14 authority under this chapter if she or he is a party to the lease or
15 contract or has a direct ownership or equity interest in a firm,
16 partnership, corporation, or association which would be a party to
17 the contract or lease. If a member may not vote because of this
18 prohibition, for all purposes regarding action of the board relating
19 to adoption of the resolution, the first of the following state offi-
20 cers who is not prohibited from voting on the resolution because of
21 the same prohibition shall serve as a member of the board: commissioner
22 of administration, attorney general, commissioner of labor, commis-
23 sioner of public works, commissioner of public safety.

24 (b) It is a conflict of interests for any person employed by the
25 authority or any person on contract for hire, written or oral, at a
26 fixed or hourly fee with the authority, to act in an advisory capacity
27 to the authority or to support the use of the authority's funds in
28 such a manner that may or will result in benefit, directly or indirectly,
29 to that employee, agent, or advisor, except upon full disclosure in

1 writing and by oral presentation to the board of the details of the
2 conflicting interest, including a dollar estimate of the direct and
3 indirect monetary gain the employee, agent, or advisor may expect to
4 derive. The board's resolution that addresses the matter in which a
5 conflict of interests exists must set out the details of the full
6 disclosure.

7 (c) Any person who violates this section shall be (1) punished
8 by a fine equivalent to the total gain derived, including gain derived
9 from a partially disclosed or misstated disclosure of monetary gain;
10 (2) barred from further acting as an employee, agent, or advisor to
11 the authority, and (3) imprisoned for a term not less than three
12 months nor more than one year.

13 (d) Public notice of the board meeting at which the written and
14 oral disclosure of the conflict is to be given must specify

15 (1) a conflict-of-interests presentation is to be made at
16 that meeting;

17 (2) the name of the person making the disclosure; and

18 (3) the position or title of the person so disclosing.

19 Sec. 18.26.140. PLEDGE OF REVENUES. Any pledge of revenue or
20 other money, obligations, or assets by the authority is binding from
21 the time the pledge is made as against any parties having subsequent
22 claims in tort, contract, or otherwise, irrespective of whether those
23 parties have actual notice of the prior pledge. The pledge must be
24 noted in the board's minute book and is constructive notice to all
25 parties. Neither the resolution nor other instrument by which a
26 pledge is created need be otherwise recorded, nor is the filing of any
27 financing statement under the Uniform Commercial Code or other law
28 required to perfect the pledge. Revenue, rent, or other money, obliga-
29 tions, or assets so pledged and later received by the authority are

1 immediately subject to the lien of the pledge without any physical
2 delivery or further act.

3 Sec. 18.26.150. OBLIGATIONS AND INCOME OF AUTHORITY. (a) Notes
4 or revenue bonds issued under the provisions of this chapter are not,
5 either directly, indirectly, or contingently, an obligation, a pledge
6 of the faith and credit of, or a charge upon any revenue or funds of
7 the state or of any political subdivision of the state but are payable
8 solely from the funds of the authority. The issuance of notes or
9 revenue bonds under this chapter does not, directly, indirectly, or
10 contingently, obligate the state or any political subdivision of the
11 state to levy any form of taxation or to make any appropriation for
12 their payment. Nothing in this section prevents the authority from
13 pledging its faith and credit or the faith and credit of a medical
14 facility to the payment of bonds authorized under this chapter.

15 (b) The funds, income, or receipts of the authority do not con-
16 stitute money of the state, nor is real property in which the authority
17 has an interest considered land owned in fee by the state or to which
18 the state may become entitled or in any way land belonging to the
19 state, or state land referred to in art. VIII of the Alaska Constitu-
20 tion.

21 Sec. 18.26.160. RIGHTS OF BONDHOLDERS. Any holder of notes or
22 revenue bonds issued under this chapter or a trustee under a trust
23 agreement entered into under this chapter may, except to the extent
24 their rights are restricted by the bond resolution, by any suitable
25 form of legal proceedings, protect and enforce any rights under the
26 laws of this state or granted by the bond resolution. Those rights
27 include (1) the right to compel the performance of all duties of the
28 authority required by this chapter or the bond resolution; (2) the
29 right to enjoin unlawful activities; and (3) in the event of default

1 (A) with respect to the payment of any principal of, or premium, if
2 any, or interest on, any bond, or (B) in the performance of any
3 covenant or agreement on the part of the authority in the bond resolu-
4 tion, the right to apply to a court having jurisdiction of the cause
5 to appoint a receiver to administer and operate the medical facility.
6 The receiver may pay principal of, and premiums, if any, and interest
7 on those bonds, and has the powers, subject to the direction of the
8 court, which are permitted by law and are accorded receivers in general
9 equity cases. However, the receiver may not pledge additional revenue
10 of the authority to the payment of that principal, premium, and interest.

11 Sec. 18.26.170. INVESTMENTS BY AUTHORITY. Except as otherwise
12 provided by this chapter, the authority may invest any funds, not
13 needed to meet current cash expenditure needs, in obligations or
14 certificates of deposit as defined in AS 37.10.070(a)(1) - (4). Any
15 such securities must be purchased at no higher price than the offering
16 or market price of them at the time of the purchase.

17 Sec. 18.26.180. BONDS AS SECURITIES. Revenue bonds of the
18 authority are securities in which the following may legally invest any
19 funds belonging to them or within their control: all public officers
20 and agencies of the state and of municipal corporations, officers,
21 board of directors and trustees of banks, trust companies, savings
22 banks, and institutions, building and loan associations, savings and
23 loan associations, investment companies, insurance companies and
24 associations, all executors, administrators, guardians, trustees and
25 other fiduciaries.

26 Sec. 18.26.190. PLEDGE OF THE STATE. The State of Alaska pledges
27 to and agrees with the holders of any obligations issued under this
28 chapter, and with those parties who may enter into contracts with the
29 authority under this chapter, that the state will not limit or alter

1 the rights vested in the authority by this chapter with respect to
2 outstanding obligations until those obligations, together with the
3 interest on them, are fully met and discharged and those contracts are
4 fully performed on the part of the authority. However, nothing in
5 this section precludes such a limitation or alteration if adequate
6 provision is made by law for the protection of the holders of those
7 obligations of the authority or persons entering into those contracts
8 with the authority.

9 Sec. 18.26.200. ACCOUNTING AND REPORTS. The authority shall
10 keep an accurate account of all of its activities and of all of its
11 receipts and expenditures and shall annually, no later than the 10th
12 day of each regular session of the legislature, make a report of them
13 to the governor and the legislature, copies of which must be made
14 available to bondholders or parties holding a secured interest in the
15 assets of the authority. The governor may investigate the affairs of
16 the authority, may examine the property and records of the authority,
17 and may prescribe methods of accounting and the rendering of periodical
18 reports in relation to projects undertaken by the authority.

19 Sec. 18.26.210. STATE REQUIREMENTS. All medical facilities
20 which have been monetarily supported, in any manner whatsoever, by the
21 authority are subject to any state requirements relating to public
22 buildings, structures, grounds, works, or improvements, any require-
23 ment of competitive bidding or other restriction imposed on the
24 procedure for award of contracts or the lease, sale, or other disposi-
25 tion of property of the authority.

26 Sec. 18.26.220. FACILITY COMPLIANCE WITH HEALTH AND SAFETY LAWS
27 AND LICENSING REQUIREMENTS. Any medical facility constructed, acquired,
28 improved, financed, or otherwise within the purview of this chapter and
29 all actions of the authority are subject to AS 18.07, AS 18.20, and

1 any other present or future state licensing requirements for the
2 facilities or services provided under this chapter. A medical facility
3 issued a certificate of need under sec. 4, ch. 275 SLA 1976 by virtue
4 of being in existence or under construction before July 1, 1976, must
5 nevertheless fully meet the requirements of AS 18.07 in order to be
6 eligible for funding under this chapter.

7 Sec. 18.26.230. AUTHORITY AS A PUBLIC BODY; TAX STATUS OF ASSETS,
8 INCOME AND BONDS. (a) The authority, all assets at any time owned by
9 it, the income from those assets, and all bonds issued by the authority,
10 together with the coupons applicable to them, and the income from
11 them, are exempt from all taxation and special assessments in the
12 State of Alaska except for gift, inheritance, and estate taxes.
13 However, real property and personal property owned by the authority
14 and leased to a third party are subject to property taxation if that
15 property would be subject to taxation if owned by the lessee of it.

16 (b) For the purposes of AS 14.17 relating to the computation of
17 the required local effort by a district as defined in AS 14.17.250(3),
18 all property exempted from taxation by this chapter is considered
19 taxable real and personal property.

20 Sec. 18.26.240. EARNINGS OF THE AUTHORITY. The earnings of the
21 authority in excess of the amount required for the retirement of
22 indebtedness or the accomplishment of the purposes stated in this
23 chapter are the exclusive property of the state.

24 Sec. 18.26.250. OPERATION OF CERTAIN STATUTES EXCEPTED; STATUS
25 OF AUTHORITY. The authority is not a

26 (1) political subdivision of the state for the purposes of
27 AS 37.10.085, but for all other purposes the authority constitutes a
28 political subdivision and an instrumentality of the state under this
29 chapter;

1 (2) municipal corporation or political subdivision of the
2 state as the terms are used in AS 29; or

3 (3) state agency for the purposes of AS 37.

4 Sec. 18.26.900. DEFINITIONS. As used in this chapter, unless
5 the context requires otherwise:

6 (1) "authority" means the Alaska Medical Facility Authority
7 created by this chapter;

8 (2) "board" means the board of directors of the authority;

9 (3) "bonds" means revenue bonds of the authority issued
10 under this chapter, including refunding and refinancing those bonds;

11 (4) "bond resolution" means a resolution authorizing the
12 issuance of, or providing terms and conditions related to, revenue
13 bonds issued under this chapter and includes any trust agreement,
14 trust indenture, mortgage agreement, or deed of trust providing terms
15 and conditions for those bonds;

16 (5) "cost" includes, but is not necessarily limited to, (A)
17 the cost incurred for developmental, planning, and feasibility studies,
18 surveys, plans and specifications, and architectural, engineering,
19 legal or other special services; (B) the cost of acquisition of land
20 and any buildings and improvements on it; (C) the cost of site prepara-
21 tion and development, including demolition or removal of existing
22 structures, construction, reconstruction, and equipment, including
23 machinery, fixed equipment, and personal property; (D) carrying charges
24 incurred during construction, up to and including the occupancy date;
25 (E) interest on bonds issued to finance the project to a date six
26 months after the estimated date of completion; (F) working capital not
27 exceeding three per cent of the estimated total cost of the project or
28 three per cent of the actual total final cost, whichever is larger;
29 (G) the fees and charges, if any, imposed by the authority or by

1 others; (H) necessary expenses incurred in connection with the initial
2 occupancy of the project, personnel recruitment, and the cost of such
3 other items as the authority determines to be reasonable and
4 necessary;

5 (6) "medical facility" includes, but is not limited to, any
6 hospital, nursing home, intermediate care home, public health center
7 or outpatient clinic, facility for the developmentally disabled, a
8 rehabilitation facility, a drug abuse and alcoholism treatment facility,
9 a mental health center, a health-care unit within a sheltered care
10 home or home for senior citizens; "medical facility" does not include
11 any institution, place, or building used or to be used primarily for
12 sectarian instruction or study or as a place for devotional activities
13 or religious work;

14 (7) "operator" means any person who, by contract with the
15 authority or by contract with a trustee who holds the position of
16 trustee under a trust agreement with the authority, has the respon-
17 sibility for the day-to-day operation and maintenance of a medical
18 facility and over the development and implementation of long-range
19 goals and objectives for the medical facility; it includes any person
20 acting as an agent or representative of an operator;

21 (8) "property" means any real, personal, or mixed property,
22 or any interest in it, including without limitation any real estate,
23 appurtenances, buildings, easements, equipment, furnishings, furniture,
24 improvements, machinery, rights of way, and structures, or any interest
25 in any of these items;

26 (9) "revenue" means, with respect to any medical facility,
27 the rent, fees, charges, interest, principal repayments, and other
28 income or profit received or to be received, either directly or indi-
29 rectly, by the authority from any source on account of the facility.

1 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
2 10.070(c).

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