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request of the Governor

Offered: 5/5/78
Referred: Health, Education
and Social Services

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 917

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 medical
15 care is not available and medical facilities do not exist at all;

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

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

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

1 public interest, avoid unnecessary duplication of medical facilities and
2 services, are economical in the use of health personnel, and will assure
3 admission and care of high quality to all who need it. The legislature
4 finds that this policy will be implemented by creating a public corpora-
5 tion called the Alaska Medical Facility Authority, with powers, duties,
6 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 pro-
9 vide and finance medical facilities for the benefit of the people of the
10 State of Alaska. The authority is a public corporation and an instru-
11 mentality of the state within the Department of Revenue, but with a
12 separate and independent legal existence.

13 Sec. 18.26.030. BOARD OF DIRECTORS OF THE AUTHORITY. (a) The
14 authority shall be managed and controlled by a seven-person board of
15 directors, consisting of

16 (1) the commissioner of revenue, who shall also chair the
17 board;

18 (2) the commissioner of health and social services;

19 (3) the commissioner of community and regional affairs;

20 (4) four public members, appointed by a majority of the
21 members of the respective health service agency or council:

22 (A) one member shall be appointed by and from among the
23 members of each of the three health service agencies in the state,
24 organized and operated in accordance with sec. 1521(b), P.L. 93-
25 641;

26 (B) one member shall be appointed by and from among the
27 members of the statewide health coordinating council established in
28 AS 18.07.011.

29 (b) The four public members appointed under (a)(4) of this section

1 serve for four-year terms. Each must be a resident of the state and a
2 qualified voter at the time of appointment and shall comply with the
3 requirements of AS 39.50 (conflict of interest). The public members
4 first appointed shall have terms of one, two, three and four years
5 respectively, to be determined by lot. Each member shall hold office
6 for the term of his appointment and until his successor has been ap-
7 pointed and qualified. A member is eligible for reappointment. A
8 vacancy on the board of directors occurring other than by expiration of
9 term shall be filled in the same manner as the original appointment but
10 for the unexpired term only. Each member of the board before entering
11 upon his duties shall take and subscribe to an oath to perform the
12 duties of his office faithfully, impartially, and justly to the best of
13 his ability. A record of the oath shall be filed in the office of the
14 governor.

15 (c) If any commissioner is unable for any reason to attend a
16 meeting of the authority he may, by an instrument filed with the board
17 and incorporated into the minutes of the meeting, designate another
18 person within his department to serve as a member at that meeting. For
19 purposes of this chapter, an acting commissioner is a member of the
20 board until a commissioner assumes office.

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

22 (a) Four members of the board constitute a quorum for the transaction
23 of business or the exercise of a power or function at a meeting of the
24 board. All decisions of the board must be initiated by motion or reso-
25 lution and the vote and decision must be recorded in the board's minute
26 book which is a public record. The affirmative votes of not less than
27 two of the public members and two commissioners are required for the
28 passage of any motion or resolution. Notice of all meetings must be
29 given in accordance with regulations adopted by the board. All meetings

1 of the board, for any purpose whatsoever, must be open to the public,
2 except that the board may convene in executive session in the manner
3 provided in AS 44.62.310(b) to consider subject matter under AS 44.62.-
4 310(c).

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. An officer or employee of the state need not forfeit his
9 office or employment or any benefits by reason of his acceptance to the
10 office of director of the authority.

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

25 Sec. 18.26.050. POWERS OF AUTHORITY. The authority has all powers
26 necessary to carry out the purposes of this chapter including, but not
27 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 bylaws for its organization,
2 management of its internal affairs, and the conduct of its business
3 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 lying
9 under water and riparian rights which are located in the state, taking
10 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 or
13 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 in the
17 state;

18 (8) to lease to any political subdivision of the state or
19 nonprofit corporation medical facilities upon terms and conditions the
20 board considers appropriate, and to terminate any such lease upon de-
21 fault 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 equipping
6 medical facilities and to secure payment of the notes and revenue bonds
7 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 the
11 board of directors or its executive director has any personal interest,
12 either directly or indirectly, in any such depository or investment
13 entity and the funds are held in reserves or sinking funds, if those
14 deposited or invested funds are not required for reasonably foreseeable
15 disbursement;

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

18 (14) to fix and revise, from time to time, and to charge and
19 collect rates, rents, fees, and charges for the use of and services
20 furnished or to be furnished by a medical facility for which financing
21 or financial assistance is provided under this chapter;

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

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

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

28 (18) to make mortgage loans or other secured loans to a
29 medical facility, to refund or refinance outstanding obligations, mort-

1 gages, or advances issued, made, or given by the medical facility for
2 the costs of its facilities, including the issuance of bonds and the
3 making of loans to a medical facility, when the authority finds that
4 such financing is in the public interest and alleviates the financial
5 hardship upon the medical facility, is in connection with other financ-
6 ing by the authority for the medical facility, or may be expected to
7 result in a lower cost of patient care and a saving to third parties,
8 including the state or the federal government, and to others who must
9 pay for the health care, or any combination of those 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, any
12 insurance or guarantee as to, or of, or for the payment or repayment of
13 interest or principal, or both, or any part of interest or principal on
14 any loan, lease, or obligation, or any instrument evidencing or securing
15 a loan, lease, or obligation entered into under this chapter; and,
16 notwithstanding any other provisions of this chapter, to enter into any
17 agreement, contract, or any other instrument whatsoever with respect to
18 any such insurance or guarantee, to accept payment in the manner and
19 form provided in it in the event of default by a medical facility, and
20 to assign any such insurance or guarantee as security for the autho-
21 rity'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 trust
25 agreement default under any material provisions of the contractual
26 documents, the authority may operate and maintain the medical facility
27 on an interim basis for a limited period of time as is necessary to
28 recruit another knowledgeable 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, addi-
3 tions to, or in any other manner an amplification of the restrictive
4 intent and language of (a).

5 Sec. 18.26.070. EXPENSES OF AUTHORITY. All expenses of the autho-
6 rity incurred in carrying out the provisions of this chapter are payable
7 solely from funds provided under this chapter, and no liability may be
8 incurred by the authority beyond the extent to which money has been
9 provided under this chapter. However, for the purposes of meeting the
10 necessary expenses of initial organization and operation of the autho-
11 rity for the period commencing on the effective date of this Act and
12 continuing until the authority derives money from funds provided to it
13 under this chapter, the authority may borrow the money it requires and
14 may repay it, with appropriate interest, over a reasonable period of
15 time. A liability incurred under this section is a liability of the
16 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 de-
19 rived by it from its interest in any one or more medical facilities or
20 from its income and receipts or other assets generally, or a designated
21 part of them. The issuance of such revenue bonds is governed by the
22 provisions of this chapter and is not subject to the prior approval of
23 the voters of the state. All such bonds, whether coupon or fully regis-
24 tered are negotiable instruments for all purposes of the Uniform Commer-
25 cial Code.

26 (b) The authority shall issue revenue bonds only by resolution
27 adopted by its board after finding that

28 (1) the lessee or operator of the medical facility is finan-
29 cially responsible and competent to operate the facility, and the lease

1 or operation contract has been approved by the authority and the lessee
2 or operator;

3 (2) financing the medical facility will be advantageous to the
4 public welfare of the state and the community in which the medical
5 facility is or is to be located; and

6 (3) the medical facility to be constructed will comply with
7 all applicable ordinances of the municipality.

8 (c) The resolution adopted in (b) of this section shall also
9 specify the public purpose for which the proceeds of the revenue bonds
10 must be expended and declare the projected cost of carrying out that
11 purpose.

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

25 (e) The bond resolution shall provide for the establishment of one
26 or more special funds, and those funds may be under the control of the
27 board or one or more trustees. The bond resolution shall obligate the
28 authority to deposit and expend the proceeds of the revenue bonds only
29 into and from those funds. The authority may issue and sell revenue

1 bonds payable as to interest and principal only out of those funds.

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

4 (g) Before the issuance of any bonds, the authority shall verify
5 that the lease or operator agreement for the medical facility being
6 financed by the issue is at least sufficient, in the judgment of the
7 authority,

8 (1) to pay the principal of and interest on the bonds as they
9 become due;

10 (2) to create and maintain the reserves for them as the
11 authority considers necessary or desirable; and

12 (3) to meet all obligations in connection with the lease or
13 operator agreement, including all costs necessary to service the bonds.

14 (h) Bonds of the authority may be secured by a pooling of leases
15 by which the authority may assign its rights and pledge rents under two
16 or more leases of medical facilities, upon terms that may be provided
17 for in bond resolutions of the authority.

18 (i) Any bond resolution may contain provisions, which constitute a
19 part of the contract with the holders of the bonds, as to

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

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

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

26 (4) limitations on the issuance of additional bonds, the
27 terms upon which additional bonds may be issued and secured, the terms
28 upon which additional bonds may rank on a parity with, or be subordinate
29 or superior to, other bonds;

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(5) the refunding of outstanding bonds;

(6) the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated;

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

(j) The authority may contract for the future sale of revenue bonds by which contract purchasers shall be committed to the prices, terms, and conditions stated in each contract. The authority may pay the consideration it considers proper for those commitments.

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

Sec. 18.26.090. BOND ANTICIPATION NOTES. The authority may issue and sell bond anticipation notes which shall be on the terms, bear the date, mature at the time, be in the denomination and in the form, payable in the medium at the place and subject to the terms of redemption as the authority considers necessary or advisable in the manner provided in this chapter.

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

1 trustee by means of which the authority may:

2 (1) make any covenants and agreements with the trustee or the
3 holders of the bonds which the authority determines to be necessary or
4 desirable, including, without limitation, covenants and agreements as to

5 (A) the application, investment, deposit, use, and
6 disposition of the proceeds of bonds of the authority or of money
7 or other property of the authority or in which it has an interest;

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

11 (C) the assignment by the authority of its rights in the
12 lease or contract of sale of a project or in a mortgage or other
13 security interest created with respect to a project to a trustee
14 for the benefit of bondholders;

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

17 (E) the vesting in a trustee, of rights, powers, duties,
18 funds, or property in trust for the benefit of bondholders, in-
19 cluding, without limitation, the right to enforce payment, perfor-
20 mance, and all other rights of the authority or of the bondholders,
21 under a lease, contract of sale, mortgage, security agreement, or
22 trust agreement with respect to a project by injunction or other
23 proceeding or by taking possession of by agent or otherwise and
24 operating a project and collecting rent or other consideration and
25 applying it in accordance with the trust agreement;

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

29 (3) provide for any other matters of like or different char-

1 acter which in any way affect the security or protection of the bonds.

2 Sec. 18.26.110. LIABILITY FOR ISSUANCE. Neither the members of
3 the authority nor any person executing the bonds is liable personally on
4 the bonds or is subject to any personal liability or accountability by
5 reason of the issuance of them.

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

14 Sec. 18.26.130. CONFLICT OF INTERESTS; MEMBERS, EMPLOYEES, AGENTS
15 OR ADVISORS. (a) No member of the board may vote on a resolution of
16 the board relating to a lease or contract to be entered into by the
17 authority under this chapter if the member is a party to the lease or
18 contract or has a direct ownership or equity interest in a firm, part-
19 nership, corporation, or association which would be a party to the
20 contract or lease.

21 (b) It is a conflict of interests for any person employed by the
22 authority or any person on contract for hire, written or oral, at a
23 fixed or hourly fee with the authority, to act in an advisory capacity
24 to the authority or to support the use of the authority's funds in such
25 a manner that may or will result in benefit, directly or indirectly, to
26 that employee, agent, or advisor, except upon full disclosure in writing
27 and by oral presentation to the board of the details of the conflicting
28 interest, including a dollar estimate of the direct and indirect mone-
29 tary gain the employee, agent, or advisor may expect to derive. The

1 board's resolution that addresses the matter in which a conflict of
2 interests exists must set out the details of the full disclosure.

3 (c) Any person who violates this section shall be

4 (1) punished by a fine equivalent to the total gain derived,
5 including gain derived from a partially disclosed or misstated disclo-
6 sure of monetary gain;

7 (2) barred from further acting as an employee, agent, or
8 advisor to the authority; and

9 (3) imprisoned for a term not less than three months nor more
10 than one year.

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

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

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

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

17 Sec. 18.26.140. PLEDGE OF REVENUES. Any pledge of revenue or
18 other money, obligations, or assets by the authority is binding from the
19 time the pledge is made as against any parties having subsequent claims
20 in tort, contract, or otherwise, irrespective of whether those parties
21 have actual notice of the prior pledge. The pledge must be noted in the
22 board's minute book and is constructive notice to all parties. Neither
23 the resolution nor other instrument by which a pledge is created need be
24 otherwise recorded, nor is the filing of any financing statement under
25 the Uniform Commercial Code or other law required to perfect the pledge.
26 Revenue, rent, or other money, obligations, or assets so pledged and
27 later received by the authority are immediately subject to the lien of
28 the pledge without any physical delivery or further act.

29 Sec. 18.26.150. OBLIGATIONS AND INCOME OF AUTHORITY. (a) Notes

1 or revenue bonds issued under the provisions of this chapter are not,
2 either directly, indirectly, or contingently, an obligation, a pledge of
3 the faith and credit of, or a charge upon any revenue or funds of the
4 state or of any political subdivision of the state but are payable
5 solely from the funds of the authority. The issuance of notes or reve-
6 nue bonds under this chapter does not, directly, indirectly, or contin-
7 gently, obligate the state or any political subdivision of the state to
8 levy any form of taxation or to make any appropriation for their pay-
9 ment. Nothing in this section prevents the authority from pledging its
10 faith and credit or the faith and credit of a medical facility to the
11 payment of bonds authorized under this chapter.

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

17 Sec. 18.26.160. RIGHTS OF BONDHOLDERS. Any holder of notes or
18 revenue bonds issued under this chapter or a trustee under a trust
19 agreement entered into under this chapter may, except to the extent his
20 rights are restricted by the bond resolution, by any suitable form of
21 legal proceedings, protect and enforce any rights under the laws of this
22 state or granted by the bond resolution. Those rights include (1) the
23 right to compel the performance of all duties of the authority required
24 by this chapter or the bond resolution; (2) the right to enjoin unlawful
25 activities; and (3) in the event of default (A) with respect to the
26 payment of any principal of, or premium, if any, or interest on, any
27 bond, or (B) in the performance of any covenant or agreement on the part
28 of the authority in the bond resolution, the right to apply to a court
29 having jurisdiction of the cause to appoint a receiver to administer and

1 operate the medical facility. The receiver may pay principal of, and
2 premiums, if any, and interest on those bonds, and has the powers,
3 subject to the direction of the court, which are permitted by law and
4 are accorded receivers in general equity cases. However, the receiver
5 may not pledge additional revenue of the authority to the payment of
6 that principal, premium, and interest.

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

13 Sec. 18.26.180. BONDS AS SECURITIES. Revenue bonds of the autho-
14 rity are securities in which the following may legally invest any funds
15 belonging to them or within their control: all public officers and
16 agencies of the state and of municipal corporations, officers, board of
17 directors and trustees of banks, trust companies, savings banks, and
18 institutions, building and loan associations, savings and loan associa-
19 tions, investment companies, insurance companies and associations, all
20 executors, administrators, guardians, trustees and other fiduciaries.

21 Sec. 18.26.190. PLEDGE OF THE STATE. The State of Alaska pledges
22 to and agrees with the holders of any obligations issued under this
23 chapter, and with those parties who may enter into contracts with the
24 authority under this chapter, that the state will not limit or alter the
25 rights vested in the authority by this chapter with respect to out-
26 standing obligations until those obligations, together with the interest
27 on them, are fully met and discharged and those contracts are fully
28 performed on the part of the authority. However, nothing in this sec-
29 tion precludes such a limitation or alteration if adequate provision is

1 made by law for the protection of the holders of those obligations of
2 the authority or persons entering into those contracts with the author-
3 ity.

4 Sec. 18.26.200. ACCOUNTING AND REPORTS. The authority shall keep
5 an accurate account of all of its activities and of all of its receipts
6 and expenditures and shall annually, no later than the 10th day of each
7 regular session of the legislature, make a report of them to the gover-
8 nor and the legislature, copies of which shall be made available to
9 bondholders or parties holding a secured interest in the assets of the
10 authority. The governor may investigate the affairs of the authority,
11 may examine the property and records of the authority, and may prescribe
12 methods of accounting and the rendering of periodical reports in rela-
13 tion to projects undertaken by the authority.

14 Sec. 18.26.210. STATE REQUIREMENTS. All medical facilities which
15 have been monetarily supported, in any manner whatsoever, by the autho-
16 rity are subject to any state requirements relating to public buildings,
17 structures, grounds, works, or improvements, any requirement of compe-
18 titive bidding or other restriction imposed on the procedure for award
19 of contracts, or the lease, sale, or other disposition of property of
20 the authority.

21 Sec. 18.26.220. FACILITY COMPLIANCE WITH HEALTH AND SAFETY LAWS
22 AND LICENSING REQUIREMENTS. Any medical facility constructed, acquired,
23 improved, financed, or otherwise within the purview of this chapter and
24 all actions of the authority are subject to AS 18.07, AS 18.20, and any
25 other present or future state licensing requirements for the facilities
26 or services provided under this chapter. A medical facility issued a
27 certificate of need under sec. 4, ch. 275 SLA 1976 by virtue of being in
28 existence or under construction before July 1, 1976, is eligible for
29 funding under this chapter.

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

10 (b) For the purposes of AS 14.17 relating to the computation of
11 the required local effort by a district as defined in AS 14.17.250(3),
12 all property exempted from taxation by this chapter is considered tax-
13 able real and personal property.

14 Sec. 18.26.240. EARNINGS OF THE AUTHORITY. The earnings of the
15 authority in excess of the amount required for the retirement of in-
16 debtedness or the accomplishment of the purposes stated in this chapter
17 are the exclusive property of the state.

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

20 (1) political subdivision of the state for the purposes of AS
21 37.10.085, but for all other purposes the authority constitutes a poli-
22 tical subdivision and an instrumentality of the state under this chap-
23 ter;

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

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

27 Sec. 18.26.900. DEFINITIONS. As used in this chapter, unless the
28 context requires otherwise,

29 (1) "authority" means the Alaska Medical Facility Authority

1 created by this chapter;

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

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

5 (4) "bond resolution" means a resolution authorizing the
6 issuance of, or providing terms and conditions related to, revenue bonds
7 issued under this chapter and includes any trust agreement, trust in-
8 denture, mortgage agreement, or deed of trust providing terms and con-
9 ditions for those bonds;

10 (5) "cost" includes, but is not necessarily limited to,

11 (A) the cost incurred for developmental, planning, and
12 feasibility studies, surveys, plans and specifications, and archi-
13 tectural, engineering, legal or other special services;

14 (B) the cost of acquisition of land and any buildings
15 and improvements on it;

16 (C) the cost of site preparation and development, in-
17 cluding demolition or removal of existing structures, construction,
18 reconstruction, and equipment, including machinery, fixed equip-
19 ment, and personal property;

20 (D) carrying charges incurred during construction, up to
21 and including the occupancy date;

22 (E) interest on bonds issued to finance the project to a
23 date six months after the estimated date of completion;

24 (F) working capital not exceeding three per cent of the
25 estimated total cost of the project or three per cent of the actual
26 total final cost, whichever is larger;

27 (G) the fees and charges, if any, imposed by the autho-
28 rity or by others;

29 (H) necessary expenses incurred in connection with the

1 initial occupancy of the project, personnel recruitment, and the
2 cost of such other items as the authority determines to be reason-
3 able and necessary;

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

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

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

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

29 * Sec. 2. AS 39.50.200(9) is amended by adding a new subparagraph to

1 read:

2 (NN) Alaska Medical Facility Authority (AS 18.26).

3 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
4 10.070(c).

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