

COMMITTEE REPORT

SENATE

3/23/76

Mr. President:

Date \_\_\_\_\_

The Committee on Finance has had SB 700  
spec. appropriation to the Office of the Governor  
under consideration. A Majority of the members of the Committee

- ( ) recommends it DO PASS
- ( ) recommends it DO NOT PASS
- ( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)
- ( ) recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT  
CS FOR \_\_\_\_\_ DO PASS
- ( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_  
COMMITTEE
- ( ) reports it back WITHOUT RECOMMENDATION
- ( ) "other"

Members signing the Majority report:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:  
 \_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

COMMITTEE REPORT

SENATE

3/12/76

\*\*Finance

Mr. President:

Date 3-19-76

The Committee on Health, Education and Social Services has had SB 700 spec. appropriation to the Office of the Governor under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

~~( )~~ recommends it DO PASS WITH ATTACHED AMENDMENT(S)

~~( )~~ recommends it BE REPLACED WITH CS FOR SB 700 AND THAT CS FOR SB 700 DO PASS

*same title*

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

<u>Ferguson</u>	<u>DO PASS</u>	_____
<u>Galletta</u>	<u>DO Pass</u>	_____
<u>Bradley</u>	<u>DO Pass</u>	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

Ferguson Chairman

Original Sponsor: Health, Education and  
Social Services Committee

Offered: 3/23/76  
Referred: Finance

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IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

CS FOR SENATE BILL NO. 700

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the Office of  
the Governor; and providing for an effective date."

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

\* Section 1. The sum of \$3,500,000 is appropriated from the general fund  
to the Office of the Governor to fund the exercise of an option to purchase  
the property and facilities of the Alaska Methodist University.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
070(c).

Introduced: 3/12/76  
Referred: Health, Education and  
Social Services and Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 700

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office of  
7 the Governor; and providing for an effective date."

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

9 \* Section 1. The sum of \$3,100,000 is appropriated from the general fund  
10 to the Office of the Governor to fund contractual agreements for educational  
11 services or options with the Board of Trustees of Alaska Methodist University.

12 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
13 070(c).

ALASKA STATE LEGISLATURE

NINTH Legislature SECOND Session

SENATE BILL NO. 700

By THE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

"An Act making a special appropriation to the Office of the Governor; and providing for an effective date."

spec. approp./Office of Gov.

Introduced in the Senate ..3/12/, 1976.

HISTORY IN THE SENATE

19 76	Read first time and referred to Committee on
3 12	Health, Education and Social Services and Finance
3 23	Reported back with recommendation that <i>HESS!</i> replace w/OS & be sent to Finance
	Read second time and
	Read third time and
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reported correctly engrossed
	Signed by President
	Sent to House
SECRETARY OF THE SENATE	

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on
	Reported back with recommendation that
	Read second time and
	Read third time and
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reconsideration
	PASS Effective Date
	Yeas Yeas
	Nays Nays
	Absent Absent
	Excused Excused
	Reported correctly engrossed
	Signed by Speaker
	Returned to Senate
CHIEF CLERK OF THE HOUSE	

HISTORY IN THE SENATE

19	Received from House
	Reported correctly enrolled
	Sent to Governor
	..... By Governor
	Filed with Lt. Governor
	Chapter No. ....

ALASKA METHODIST UNIVERSITY

BY

GOVERNOR JAY S. HAMMOND

MARCH 19, 1976

JUNEAU

LAST YEAR THE STATE SIGNED AN OPTION TO PURCHASE ALASKA METHODIST UNIVERSITY. THE AGREEMENT PROVIDED THAT FOR FISCAL '76 THE STATE WOULD PAY 2.3 MILLION DOLLARS TO RETAIN THE OPTION TO PURCHASE. THIS MONTH, ACCORDING TO THE AGREEMENT, THE STATE MUST NOTIFY AMU OF ITS INTENT. IT MAY EITHER EXTEND THE OPTION ONE MORE YEAR OR EXERCISE THE OPTION AND PROCEED TO PURCHASE THE UNIVERSITY. NUMEROUS GROUPS AND INDIVIDUALS HAVE REVIEWED THE AMU PURCHASE ISSUE AND HAVE SUGGESTED SEVERAL ALTERNATIVES. ALL AGREE THAT THE PLIGHT OF AMU IS LIKELY TO REFLECT THE PLIGHT OF INDEPENDENT HIGHER EDUCATION IN ALASKA, AND EFFORTS TO FIND A WAY TO PREVENT THE DEMISE OF PRIVATE HIGHER EDUCATION HAVE BEEN EXTENSIVE.

RECENTLY THE POST-SECONDARY EDUCATION COMMISSION SUGGESTED THAT FOR FY '77 THE STATE CONTRACT, ON A STUDENT ENROLLMENT BASIS, WITH AMU FOR THE PROVISION OF EDUCATIONAL SERVICES, AND THE STATE SERIOUSLY CONSIDER PURCHASING AMU AS SOON AS POSSIBLE.

A THOROUGH REVIEW BY THE ATTORNEY GENERAL AND HIS STAFF HAS LED TO A DECISION THAT SUCH A CONTRACTUAL APPROACH WOULD BE UNCONSTITUTIONAL. THE ALASKA CONSTITUTION PRESENTLY PROHIBITS SUCH A DIRECT BENEFIT TO PRIVATE INSTITUTIONS.

THEREFORE, WE NEED TO PURSUE A NEW APPROACH. THERE ARE THREE BASIC CRITERIA UNDERLYING THE RECOMMENDATIONS: 1) PROVIDING A VIABLE AND CONSTITUTIONALLY VALID PROGRAM OF POST-SECONDARY EDUCATION FOR ALASKA'S CURRENT AND FUTURE STUDENTS; 2) PROTECTING THE FINANCIAL INTEREST OF THE STATE WHILE PRESERVING THE STATE'S OPTION FOR THE AMU PROPERTY; AND 3) ASSURING THAT A POLICY DECISION WITH SUCH IMPACT ON THE FUTURE OF HIGHER EDUCATION IN ALASKA REFLECTS ALASKANS' CURRENT ATTITUDES AND THE BEST INTEREST OF HIGHER EDUCATION.

ON THE BASIS OF THOSE CONSIDERATIONS, I RECOMMEND THE STATE EXERCISE ITS OPTION AND PURCHASE AMU FOR THE PRICE TO BE ESTABLISHED UNDER THE TERMS AND CONDITIONS OF THE JUNE 5, 1975, AGREEMENT BETWEEN AMU AND THE STATE. SUCH A MOVE WILL REQUIRE THE APPOINTMENT OF APPRAISERS BY EACH PARTY, THEIR MUTUAL SELECTION OF A THIRD, AND THEN AN APPRAISAL BEING MADE.

UNDER THE TERMS OF THE 1975 AGREEMENT, THE STATE HAD AGREED TO PAY \$1.5 MILLION UPON THE EXERCISE OF THE OPTION. THIS AMOUNT SHOULD BE INCREASED TO \$3.5 MILLION. IN EXCHANGE FOR THE INCREASE, AMU MUST AGREE TO OPERATE THE UNIVERSITY FOR THE STATE DURING THE 1976-1977 SCHOOL YEAR.

THE PAYMENT OF THESE OPTION MONIES SHOULD BE CONTINGENT ON (A) PASSAGE OF AN APPROPRIATION FOR THAT AMOUNT BY THE LEGISLATURE; AND (B) APPROVAL OF GENERAL OBLIGATION BONDS BY THE LEGISLATURE FOR THE 1976 BALLOT IN AN AMOUNT SUFFICIENT

TO COMPLETE THE PURCHASE OF THE UNIVERSITY. THE ADMINISTRATION WOULD ALTER ITS LEGISLATIVE BOND PROPOSAL ONCE THE APPRAISERS SET A PURCHASE PRICE. IN THE EVENT THAT EITHER ONE OF THESE CONTINGENCIES DOES NOT OCCUR, AMU WOULD NOT BE ENTITLED TO RECEIVE ANY MONIES FOR THE OPTION AND IN TURN WOULD NOT BE BOUND TO CONVEY PROPERTY TO THE STATE.

IN THE EVENT A BOND ISSUE ADOPTED BY THE LEGISLATURE FAILED TO WIN APPROVAL OF THE ELECTORATE, THE STATE WOULD NOT BE OBLIGED TO PURCHASE THE UNIVERSITY, BUT IT WOULD FORFEIT THE OPTION MONEY. IN THE EVENT THE LEGISLATURE ADOPTED A PROPOSED CONSTITUTIONAL AMENDMENT FOR THE 1976 BALLOT PERMITTING DIRECT AID TO PRIVATE INSTITUTIONS, AND THEN THAT AMENDMENT IS SUBSEQUENTLY PASSED BY THE PEOPLE, THE STATE MAY, IF IT CHOOSES, VOID THE CONTRACT, FORFEIT THE OPTION PRICE, AND ELECT TO ENTER INTO THE CONTRACTUAL AGREEMENTS TO PROVIDE DIRECT FINANCIAL AID TO AMU.

OF ALL THE ALTERNATIVES PROPOSED, THIS RECOMMENDATION APPEARS TO BE THE WISEST BECAUSE IT MEETS THE CRITERIA OF STATE-WIDE EDUCATIONAL INTERESTS, FINANCIAL PROTECTION FOR THE STATE, AND A VOICE FOR VOTERS IN THE PURCHASE QUESTION THROUGH THE BOND ISSUE. MOREOVER, THE PROPOSED CONSTITUTIONAL AMENDMENT ALSO PROVIDES AN OPPORTUNITY FOR DETERMINING -- ONCE AND FOR ALL -- THE STATE'S FUTURE POLICY ON THE COEXISTENCE OF PUBLIC AND PRIVATE HIGHER EDUCATION AND THE LIMITS OF STATE AID TO PRIVATE, POST-SECONDARY EDUCATION.

BECAUSE THERE IS A GROWING MOVEMENT ACROSS THE NATION FOR STATES WITHOUT PROHIBITIVE CLAUSES IN CONSTITUTIONS TO CONTRACT FOR EDUCATIONAL SERVICES IN EXISTING INSTITUTIONS RATHER THAN TO EXPAND THE STATE-RUN UNIVERSITIES, IT SEEMS IMPERATIVE THAT ALASKAN CITIZENS HAVE AN OPPORTUNITY TO SPEAK OUT ON THAT ISSUE. BY NOT ALLOWING VOTERS TO DO SO, THE STATE IS BASICALLY WRITING OFF CONCLUSIVELY PRIVATE HIGHER EDUCATION IN ALASKA. I CANNOT RECOMMEND SUCH A DRASTIC ACTION WITHOUT AN OPPORTUNITY TO INVOLVE THE ELECTORATE.

MY FINAL RECOMMENDATION RELATED TO BUT EXTENDING BEYOND THE AMU QUESTION IS THAT THE POST-SECONDARY EDUCATION COMMISSION BE INVOLVED IN REVIEWING AND MAKING RECOMMENDATIONS ON TWO MAJOR HIGHER EDUCATION ISSUES BEING DISCUSSED IN MANY CORNERS OF THE STATE. 1) ESTABLISHING TWO SEPARATE RESIDENTIAL FOUR-YEAR INSTITUTIONS IN FAIRBANKS AND ANCHORAGE AND REVIEWING THE RELATED QUESTIONS OF THEIR AUTONOMY AND GOVERNANCE; AND 2) ESTABLISHING A SEPARATE SYSTEM FOR COMMUNITY COLLEGES.

IT IS MY JUDGMENT THAT SOME OF THE RECENT POLICY AND FISCAL DECISIONS BEING SUGGESTED OR ALREADY HAVING BEEN MADE REGARDING HIGHER EDUCATION ARE GREATLY INFLUENCED BY GENERAL SENTIMENT OF DOUBT AND MISTRUST OF THE GROWING, COMPLEX UNIVERSITY OF ALASKA AS WELL AS CONFUSION ABOUT WHAT CAN BE DONE TO IMPROVE THE UNIVERSITY OF ALASKA'S RESPONSIVENESS AND RESPONSIBILITY TO THE PUBLIC.

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## PROPOSED AGREEMENT ON AMU

The committee reviewing the situation at AMU has come up with the following proposal for action. It has the unanimous recommendation of the committee and has been reviewed by representatives of AMU.

1. The State will extend its option in order to exercise it to purchase AMU for a price to be established under the terms and conditions of the June 5, 1975 agreement between AMU and the State. That will require the appointment of appraisers by each party, their mutual selection of a third, and then an appraisal being made.

2. Under the terms of the 1975 agreement, the State had agreed to pay \$1.5 million upon the exercise of the option. This amount will be increased to \$3.5 million by mutual agreement of the parties. In exchange for the increase, AMU will agree to operate the university during the 1976-77 school year.

3. The payment of the option monies will be contingent upon

(a) passage of an appropriation for that amount by the legislature,

(b) passage of general obligation bonds by the legislature in an amount sufficient to complete the purchase of the university.

In the event either one of these contingencies does not occur, AMU shall not be entitled to receive any monies for the option and shall not be bound to convey property to the State.

4. In the event a bond issue adopted by the legislature fails to win approval of the electorate, the State will not be obliged to purchase the university, but it will forfeit the option monies.

5. In the event the legislature adopts a proposed constitutional amendment permitting aid to private institutions and the amendment is subsequently passed by the people, the State may, at its option, void the contract, forfeit the option price and elect to enter into agreements to provide direct financial aid to AMU.

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OF ALL THE ALTERNATIVES PROPOSED, THIS RECOMMENDATION APPEARS TO BE THE WISEST BECAUSE IT MEETS THE CRITERIA OF STATE-WIDE EDUCATIONAL INTERESTS, FINANCIAL PROTECTION FOR THE STATE, AND A VOICE FOR VOTERS IN THE PURCHASE QUESTION THROUGH THE BOND ISSUE. MOREOVER, THE PROPOSED CONSTITUTIONAL AMENDMENT ALSO PROVIDES AN OPPORTUNITY FOR DETERMINING -- ONCE AND FOR ALL -- THE STATE'S FUTURE POLICY ON THE COEXISTENCE OF PUBLIC AND PRIVATE HIGHER EDUCATION AND THE LIMITS OF STATE AID TO PRIVATE, POST-SECONDARY EDUCATION.

BECAUSE THERE IS A GROWING MOVEMENT ACROSS THE NATION FOR STATES WITHOUT PROHIBITIVE CLAUSES IN CONSTITUTIONS TO CONTRACT FOR EDUCATIONAL SERVICES IN EXISTING INSTITUTIONS RATHER THAN TO EXPAND THE STATE-RUN UNIVERSITIES, IT SEEMS IMPERATIVE THAT ALASKAN CITIZENS HAVE AN OPPORTUNITY TO SPEAK OUT ON THAT ISSUE. BY NOT ALLOWING VOTERS TO DO SO, THE STATE IS BASICALLY WRITING OFF CONCLUSIVELY PRIVATE HIGHER EDUCATION IN ALASKA. I CANNOT RECOMMEND SUCH A DRASTIC ACTION WITHOUT AN OPPORTUNITY TO INVOLVE THE ELECTORATE.

MY FINAL RECOMMENDATION RELATED TO BUT EXTENDING BEYOND THE AMU QUESTION IS THAT THE POST-SECONDARY EDUCATION COMMISSION BE INVOLVED IN REVIEWING AND MAKING RECOMMENDATIONS ON TWO MAJOR HIGHER EDUCATION ISSUES BEING DISCUSSED IN MANY CORNERS OF THE STATE. 1) ESTABLISHING TWO SEPARATE RESIDENTIAL FOUR-YEAR INSTITUTIONS IN FAIRBANKS AND ANCHORAGE AND REVIEWING THE RELATED QUESTIONS OF THEIR AUTONOMY AND GOVERNANCE; AND 2) ESTABLISHING A SEPARATE SYSTEM FOR COMMUNITY COLLEGES.

IT IS MY JUDGMENT THAT SOME OF THE RECENT POLICY AND FISCAL DECISIONS BEING SUGGESTED OR ALREADY HAVING BEEN MADE REGARDING HIGHER EDUCATION ARE GREATLY INFLUENCED BY GENERAL SENTIMENT OF DOUBT AND MISTRUST OF THE GROWING, COMPLEX UNIVERSITY OF ALASKA AS WELL AS CONFUSION ABOUT WHAT CAN BE DONE TO IMPROVE THE UNIVERSITY OF ALASKA'S RESPONSIVENESS AND RESPONSIBILITY TO THE PUBLIC.

I BELIEVE THAT THE TIME HAS COME TO ADDRESS THOSE DOUBTS OPENLY, COOPERATIVELY, AND RESPONSIBLY. I WOULD ENCOURAGE THE

BOARD OF REGENTS OF THE UNIVERSITY OF ALASKA TO DIRECT AN  
INTERNAL MANAGEMENT AND EFFICIENCY REVIEW IMMEDIATELY, AND  
I WOULD PLEDGE THE ADMINISTRATION'S SUPPORT TO THAT PROJECT  
TO THE EXTENT NECESSARY TO ASSIST IN MAKING CHANGES THAT WILL  
BRING HIGHER EDUCATION IN ALASKA TO A LEVEL OF TRUST APPROPRIATE  
TO THE ROLE IT PLAYS IN THE FUTURE OF THIS STATE. WE CAN  
NO LONGER BASE HIGHER EDUCATION DECISIONS ON PRIMARILY  
POLITICAL AND PERSONAL ATTITUDES.

WE ARE FORTUNATE IN HAVING A POST-SECONDARY EDUCATION  
COMMISSION AND A BOARD OF REGENTS COMPRISED OF CITIZENS  
OF VARIED BACKGROUNDS AND PHILOSOPHIES. HOPEFULLY, THEY  
CAN COMBINE THEIR MANY TALENTS AND RESOURCES TO PUT THE  
HIGHER EDUCATION PICTURE IN ALASKA INTO CLEARER FOCUS.

## PROPOSED AGREEMENT ON AMU

The committee reviewing the situation at AMU has come up with the following proposal for action. It has the unanimous recommendation of the committee and has been reviewed by representatives of AMU.

1. The State will extend its option in order to exercise it to purchase AMU for a price to be established under the terms and conditions of the June 5, 1975 agreement between AMU and the State. That will require the appointment of appraisers by each party, their mutual selection of a third, and then an appraisal being made.

2. Under the terms of the 1975 agreement, the State had agreed to pay \$1.5 million upon the exercise of the option. This amount will be increased to \$3.5 million by mutual agreement of the parties. In exchange for the increase, AMU will agree to operate the university during the 1976-77 school year.

3. The payment of the option monies will be contingent upon

(a) passage of an appropriation for that amount by the legislature,

(b) passage of general obligation bonds by the legislature in an amount sufficient to complete the purchase of the university.

In the event either one of these contingencies does not occur, AMU shall not be entitled to receive any monies for the option and shall not be bound to convey property to the State.

4. In the event a bond issue adopted by the legislature fails to win approval of the electorate, the State will not be obliged to purchase the university, but it will forfeit the option monies.

5. In the event the legislature adopts a proposed constitutional amendment permitting aid to private institutions and the amendment is subsequently passed by the people, the State may, at its option, void the contract, forfeit the option price and elect to enter into agreements to provide direct financial aid to AMU.

Original Sponsor: Health, Education and  
Social Services Committee

Offered: 3/23/76  
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2

CS FOR SENATE BILL NO. 700

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Office of  
7 the Governor; and providing for an effective date."

8

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

9

\* Section 1. The sum of \$3,500,000 is appropriated from the general fund  
10 to the Office of the Governor to fund the exercise of an option to purchase  
11 the property and facilities of the Alaska Methodist University.

12

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
13 070(c).

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Original Sponsor: Health, Education and  
Social Services Committee

Offered: 3/23/76  
Referred: Finance

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BY THE HEALTH, EDUCATION AND  
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Introduced: 3/12/76  
Referred: Health, Education and  
Social Services and Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 700

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office of  
7 the Governor; and providing for an effective date."

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

9 \* Section 1. The sum of \$3,100,000 is appropriated from the general fund  
10 to the Office of the Governor to fund contractual agreements for educational  
11 services or options with the Board of Trustees of Alaska Methodist University

12 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
13 070(c).

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Introduced: 3/12/76  
Referred: Health, Education and  
Social Services and Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

2 SENATE BILL NO. 700

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11 services or options with the Board of Trustees of Alaska Methodist University

12 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-  
13 070(c).

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# LAWS OF ALASKA

1975

Source

CSHB 441

Chapter No.

109

## AN ACT

Making a special appropriation to the office of the governor; and providing for an effective date.

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

\* Section 1. The sum of \$2,300,000 is appropriated from the general fund to the office of the governor to implement an option agreement for the purchase by the State of Alaska from the Board of Trustees of Alaska Methodist University of real property, improvements, furniture and fixtures comprising the campus of Alaska Methodist University in Anchorage.

\* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved by governor: June 4, 1975  
Actual effective date: June 5, 1975

*filed AB 441*

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is made the 27<sup>th</sup> day of March, 1975, by and between the University of Alaska (hereinafter UA) and Alaska Methodist University (hereinafter AMU).

W I T N E S S E T H:

WHEREAS, AMU is willing to sell its campus and buildings and certain personal property at Anchorage, Alaska; and

WHEREAS, UA is desirous of purchasing said campus, buildings and personal property;

NOW, THEREFORE, the parties agree as follows:

1. AMU agrees to convey to UA in fee simple absolute its entire campus at Anchorage, Alaska, with the exception of the following described <sup>containing 22.5 acres in all \*</sup> parcels:

Parcel No. 1

The Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The West half (W 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The South half (S 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

*B* *Photo*  
\*USE IS RESTRICTED BY EARLIER AGREEMENT BETWEEN THE PARTIES

Together with a guaranteed one hundred foot (100') road easement from the Northwest corner of Parcel 4 North to University Drive and a guaranteed one hundred foot (100') road easement from the Southeast corner of Parcel 2 East to the section line.

The land which is agreed to be conveyed hereby, excluding the above-described parcels, contains approximately 267.5 acres and is more fully described as follows:

Parcel No. 1

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The Northeast quarter (NE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 5

The East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 6

The East half (E 1/2) of the East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 7

The South half (S 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 8

The North half (N 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 9

The North half (N 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 10

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 11

The North half (N 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 12

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 13

The East half (E 1/2) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 14

The South half (S 1/2) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 15

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 16

The south half (S 1/2) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 17

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 18

All that portion south of University Drive of the North half (N 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 19

All that portion south of University Drive of the Northwest quarter (NW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

2. AMU agrees to transfer to UA all improvements on said real property. The buildings include the following:

- a. Gould Hall
- b. Grant Hall
- c. Campus Center Buildings
- d. Behavioral Science Building
- e. Faculty housing (9 units)
- f. Maintenance and storage buildings

3. UA agrees to pay the sum of \$15,427,000.00 for the above-listed real property and improvements. The terms of said payment shall be as follows:

- a. The sum of \$3,000,000.00 as a down payment. Said down payment shall be reduced by the sum of the obligations for salary at current AMU rates assumed by UA as a result of the termination by AMU of its faculty contracts due to the closure of AMU and the employment

by UA of some or all of the AMU faculty. The exact sum of said obligation shall be determined prior to May 1, 1975, by the joint UA-AMU administrative task force subject to the approval of the Presidents of the two Universities and shall be limited to the salary obligations at current AMU rates for faculty actually employed by UA for the 1975-1976 school year.

b. UA shall assume AMU's rights and obligations under that certain Indenture dated October 1, 1972, between AMU and the First National Bank of Anchorage, as Trustee, and under that certain Indenture dated April 1, 1966, between AMU and the First National Bank of Anchorage, as Trustee. The said Indentures have a principal balance of \$2,721,000.00, of which principal balance the sum of \$100,000.00 is presently in arrears. The additional sum of \$250,000.00 is presently due and owing under said Indentures, which sum includes \$95,000.00 interest in accordance with the payment schedules under said Indentures, \$140,000.00 deficiency in the sinking fund provided for in said Indentures, and the sum of \$15,000.00 in miscellaneous interest and penalties under said Indentures. UA agrees to assume all of said principal, interest and penalty obligations and bring all arrearages current. It is understood by the parties that the concurrence of the Trustee and the bond holder under said Indentures will be required prior to the assumption by UA of AMU's obligation under said Indentures. The parties agree to jointly approach said Trustee and bond holder to secure their approval to the assumption. The purchase price set out hereinabove shall be reduced by the amount of the assumed indebtedness under said Indentures.

H

c. The first installment of the down payment shall be due on or before April 15, 1975 and shall be the sum of \$1,000,000.00. The balance of said down payment shall be due on July 1, 1975.

4. AMU shall, in addition, sell to UA furniture, fixtures and other personal property for an additional sum not to exceed \$800,000.00. Schedules of said furniture, fixtures and other personal property shall be prepared and affixed to this

*Prim.*  
Inventory and  
*W*

agreement as exhibits. UA shall <sup>pay for</sup> ~~have the right to~~ an independent appraisal of said personal property, <sup>(the appraiser(s) to be jointly selected)</sup> which appraisal shall determine the price <sup>for each property.</sup> ~~set forth above.~~ <sup>AMU may withhold any item which it believes is priced too low by the appraisal and UA may decline to purchase any item.</sup> ~~AMU must agree to any reduction in said price.~~ The parties understand that certain personal property may be subject to restrictions in the applicable deed of gift and AMU may therefore be required to retain said property.

5. The balance of the purchase price shall be paid in ten annual installments commencing on the 1st day of July, 1975. Each annual installment shall equal one-tenth of the principal balance remaining after payment of the down payment provided for in paragraph 3(a) herein together with accrued interest on the unpaid balance. Interest on the unpaid balance shall be prime rate charged by the Bank of America as of the effective date of this memorandum of agreement.

6. The unpaid balance due under the terms of this agreement shall be evidenced by a promissory note which shall be secured by an appropriate deed of trust on the real property and improvements transferred hereby and by an appropriate security agreement covering the personal property transferred hereby. The deed of trust and security agreement shall be superior to all other security interests in said real and personal property with the exception only of the Indentures described in paragraph 3(b) hereinabove. The deed of trust and security agreement shall provide for a minimum of six months within which any default

under said deed of trust and security agreement may be cured by UA.

7. AMU shall retain its art collection and its Alaskan library.

8. AMU shall retain AMU Press and the publication rights to all periodicals now published by AMU Press and the copyrights to all books published by AMU Press since the establishment of AMU Press, together with current inventory of books and periodicals.

9. AMU shall retain all AMU student records. AMU shall have the right to transfer said student records to UA at some future time. In such event UA agrees to maintain the AMU student records and to answer and provide information and transcripts based upon such records upon request.

10. UA shall retain in perpetuity all existing building names, memorials, monuments, plaques or other memorial or commemorative designations or identifications on the AMU campus.

11. The parties through the negotiating committees, the Board of Regents and Board of Trustees respectively, and through the parties' legal counsel shall cooperate fully in securing approval of the sale by the Legislature of the State of Alaska and by the United States Department of the Interior. Both parties agree to use their best efforts to promptly secure the approval of both of said agencies. It is understood by both parties that the price and payment terms set forth herein are subject to approval by the Legislature. AMU reserves the right to withdraw from this Agreement, without penalty or obligation, at any time prior to approval of the sale under the terms set forth herein and the funding of said sale as agreed herein by the Legislature and the Governor.

12. The details regarding the implementation of the transfer of the property and improvements of AMU to UA shall be

negotiated by the joint AMU/UA administrative task force subject to the approval of the Presidents of the two institutions. Any dispute which cannot be finally resolved between those groups shall be submitted to the sale negotiating committees appointed by the Regents and Trustees of the two universities.

2 <sup>ultim.</sup> 13 ANU will hold UA harmless <sup>defend UA from and</sup> ~~from~~ any litigation <sup>claim</sup> or liability arising in relation to the operation of AMU ~~or arising~~ prior to the transfer of possession of the premises to UA.

14. It is understood and agreed by the parties hereto that this agreement is a preliminary agreement intended to express the general understanding of the parties with regard to the terms of the sale and that this agreement may require amendment, modification or substitution at a later date.

DATED the day, month and year first written herein-  
above.

UNIVERSITY OF ALASKA

By: Robert E. McFarland  
Its President, Board of Regents

ALASKA METHODIST UNIVERSITY

By: Rev. Marshall  
Its President, Board of Trustees

ATTEST, June 27, 1975  
[Signature]  
SECRETARY, BOARD OF REGENTS

DIRKSEN APPRAISAL COMPANY

PAUL P. DIRKSEN, S.R.A.-R.M.

531 West Third Avenue, Anchorage, Alaska 99501

(907) 277-8675

December 31, 1974

RECEIVED  
OFFICE OF PLANNING &  
INSTITUTIONAL STUDIES

DIET. JAN 3 1975 ICS # 2  
SECRET

Dr. Donald C. Moyer  
Director of Planning  
University of Alaska  
Fairbanks, Alaska 99701

Re: Appraisal of Alaska Methodist University

Dear Dr. Moyer:

As requested, I have made an inspection and preliminary analysis of the value of land and buildings owned by Alaska Methodist University. The land is described as follows:

- The NW $\frac{1}{4}$  Section 27 EXCEPT The NE $\frac{1}{4}$  NE $\frac{1}{4}$  NW $\frac{1}{4}$  Section 27;
- The N $\frac{1}{2}$  SW $\frac{1}{4}$  Section 27;
- The NE $\frac{1}{4}$  SE $\frac{1}{4}$  Section 28;
- The SE $\frac{1}{4}$  NE $\frac{1}{4}$  Section 27 lying South of University Drive;
- The E $\frac{1}{2}$  E $\frac{1}{2}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  Section 27 lying North of University Drive;
- The SW $\frac{1}{4}$  SE $\frac{1}{4}$  SE $\frac{1}{4}$  NE $\frac{1}{4}$  North of University Drive.

The gross area is approximately 292.69 acres.

Alaska Methodist University proposes to sell this property to the University of Alaska. The purpose of this preliminary estimate is to ascertain a fair price to be paid for the real estate. While the final appraised value may vary somewhat from this preliminary estimate, it should not be significantly different.

In my opinion, the Market Value of the Alaska Methodist University real estate as of December 27, 1974 is:

NINETEEN MILLION, TWO HUNDRED THOUSAND

(\$19,200,000)

*See p. 6 for  
restriction on release  
of this info. to public media!*

Allocation:

<u>Improvements</u>	<u>Present Value</u>
(1) Underground Utilities	\$ 277,186
(2) Parking	69,027
(3) Student Union	5,663,886
(4) Grant Hall	3,654,509
(5) Gould Hall	1,409,600
(6) Behavioral Sciences	31,159
(7) Shop Garage	52,029
(8) Ski Jump	67,900
(9) Carillon	72,750
(10) Tennis Courts	28,384
(11) Hockey Rink	24,302
(12) Landscaping	158,586
(13) Faculty Residences (including land)	652,500
Total Improvements	<u>\$12,161,818</u>
Land	<u>7,000,000</u>
TOTAL VALUE ALASKA METHODIST UNIVERSITY REAL ESTATE	\$19,161,818
(rounded)	<u><u>\$19,200,000</u></u>

Methodology:

The subject is a special purpose property. The standard method of appraising special purpose properties is to value the improvements based on cost new less depreciation then add the land. Depreciation must include all forms including

Dr. Donald C. Moyer  
December 31, 1974  
Page 3

physical deterioration, functional obsolescence and economic obsolescence when these elements are present.

The land is zoned PLI, Public Lands and Institutions District, by the Greater Anchorage Area Borough. This district is intended to include major open lands, major public and quasi public institutional uses. The standard method in appraising land in this type of zoning is to substitute the highest and best use of the land as if it were in the private sector. This is because parks and institutional lands very seldom transfer on a Market Value basis. The highest and best alternate use for this land would be for a PUD, which includes condominiums, apartments, a small amount of offices and commercial and possibly some single family residences. The subject land has been valued on this basis.

There is a restrictive covenant in the patent from the Bureau of Land Management to Alaska Methodist University which restricts the use of this land to school purposes. The sale agreement between Alaska Methodist University and the University of Alaska for 197 acres of adjacent land in 1972 also contained a restriction on the remaining Alaska Methodist University land to school purposes. The land value in this preliminary estimate has not been penalized because of the restrictions placed on the land. ~~Prior to completion of the final appraisal, I would like to have an opportunity to discuss the impact of these restrictions with counsel.~~

[The land has been appraised with the streets in place. That is to say, land is more valuable with street frontage than land without street access. Therefore, although the streets are privately owned and maintained, the value of those streets is included in the land value.] Near the South end of the property is a 25 acre lake which was created by mining of the gravel resources previously located thereon. Assuming that Chester Creek, which flows nearby, could be diverted in and out of the lake to fill it and freshen it, the lake is an asset to the land. The 25 acre lake area has been deducted from the total land area for purposes of calculation of land value. However, the 58.4 acres surrounding the lake have been valued at a higher unit value than the rest of the land.

The faculty residences have been valued on a comparative basis rather than cost less depreciation. This method includes the land on which a residence is located. Typical lot size for residences of this size is 16,000 square feet each, which would result in 3.31 acres being utilized for faculty housing.

Dr. Donald C. Moyer  
December 31, 1974  
Page 4

This land value is included with the value of the faculty housing and was, therefore, deducted from the land area which was valued on an acreage basis.

Land Values:

58.4 Acres @ \$35,000/Acre	=	\$2,044,000
192.18 Acres @ \$25,000/Acre	=	4,804,500
<u>13.8 Acres @ \$15,000/Acre</u>	=	<u>207,000</u>
264.38 Acres	TOTAL	\$7,055,500
25 Acre Lake		
3.31 Acres with Faculty Housing		
	(rounded)	<u>\$7,000,000</u>

As requested, the above presentation has been abbreviated with the supporting evidence retained in the appraiser's files. The final appraisal, when requested, will contain the back-up evidence for land value, cost of reproduction estimates and the comparable sales utilized in valuing the faculty housing.

The land areas utilized are approximate. No survey was made, and there is no warranty as to land area.

We acknowledge assistance of Terry Gorsuch, Cost Estimator, and Fred Ferrara, Appraiser, in this report.

We wish to thank you for this opportunity to be of service.

Sincerely,  
DIRKSEN APPRAISAL COMPANY

*Paul P. Dirksen*

Paul P. Dirksen

PPD/sm

Attachments (5)

*In this file  
New Dep. Comm. for Public Affs.  
Aerial also sent to Committee  
PPD to P. 1  
Dr. Moyer*

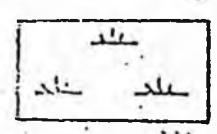
East High

Providence Hospital

Tudor Road

GAAB

Swamp



351

5.

## ASSUMPTIONS AND LIMITING CONDITIONS

1. No legal questions are considered in this analysis, such as titles, encumbrances, etc.. The property is considered as if free and clear.
2. All dimensions and legal descriptions are assumed to be correct, as furnished.
3. All information, as found in data furnished, is deemed to be reliable. If any errors are found, the right is reserved to modify the conclusions reached.
4. No study has been made to determine whether structures may have an infestation, such as termites or dry rot. In the absence of such study, it is assumed the property is free of such problems.
5. While various "approaches to value" and various mathematical calculations have been used in estimating value, these are but aids to the formulation of the opinion of value expressed by the appraiser in this report. In these calculations, certain arithmetical figures are rounded off to the nearest significant amount.
6. The data and conclusions embodied in this appraisal are a part of the whole valuation. No part of this appraisal is to be used out of context; and, by itself alone, no part of this appraisal is necessarily correct, as being only part of the evidence upon which final judgment as to value is based.
7. Employment to make this appraisal does not require testimony in court, unless mutually satisfactory arrangements are made in advance.
8. This appraisal is made in accordance with the standards of the American Institute of Real Estate Appraisers.
9. Fair Market Value is defined as "the price it (the real estate) will bring between a willing buyer and a willing seller, with equity to both.
10. This report is delivered subject to the stipulation that neither all nor any part of the contents shall be conveyed to the public media through advertising, public relations, news, sales or any other media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser, his firm, or any reference to the American Institute of Real Estate Appraisers.

CERTIFICATION:

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
2. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. To the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
4. This appraisal report sets forth all of the limiting conditions affecting the analyses, opinions and conclusions contained in this report.
5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.
6. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.

RESTRICTION UPON DISCLOSURE & USE:

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers or to the M.A.I. or R.M. designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.



Paul P. Dirksen, S.R.A. - R.M.

4 FY

## STATE OF ALASKA - BRU OPERATING EXPENDITURES SUMMARY

Agency:  
University of Alaska

Division: Southcentral Region

file  
REVISED

Category Education	Program Higher Education	Sub-program AMU Transfer	Element	Sub-Element					
Component Description	Fiscal Year 1974			FY 1975	Fiscal Year 1976				
	Leg Appr.	Final Auth	Actual	Authorized	Mainten.	Change	Request	Gov. Buds	Leg. Allow
Administration & General					248.0		248.0		
Public Service					12.6		12.6		
ASC Support					118.5		118.5		
ACC Support					60.9		60.9		
Faculty					815.4		815.4		
Library					89.0		89.0		
Student Services					56.0		56.0		
Physical Plant					569.2		569.2		
Safety & Security					32.4		32.4		
Housing					62.3		62.3		
Bookstore					150.0		150.0		
Food Service					250.0		250.0		
Debt Service					150.0		150.0		
TOTAL					2,614.3		2,614.3		
Object Description									
100 U-100 Personal Services					1,709.1		1,709.1		
200 U-200 Travel					38.8		38.8		
300 U-400 Contractual Serv.					181.7		181.7		
400 U-300 Commodities					414.8		414.8		
500 U-700 Equipment					64.3		64.3		
600 U- Land, etc.									
700 U-500 Schlrs/Grants									
800 U-600 Miscellaneous					205.6		205.6		
Funding Source:									
Federal Receipts									
Req. Gen. Fund Matching									
Other General Fund					1,811.3		1,811.3		
Inter-Agency Receipts									
Student Fees					203.0		203.0		
Other					600.0		600.0		
Positions:									
Full-time Professional					54.7		54.7		
Part-time Professional					3.8		3.8		
Full-time Classified					27.0		27.0		
All other					8.9		8.9		

4

REVISED

AMU BUDGET

<u>Expense</u>		\$
Original Estimate		3,109.7
Less Registrar Position	19.7	
Various Support Positions	38.9	
Unfilled Faculty Positions (11)		
Recommended by AMU	277.3	
Remote Site Program		
Transferred to Soft Funds	151.8	
Match for Title III Grant	24.9	
Faculty Travel	40.0	
Supplies	20.0	
Physical Plant General	38.3	
Contingency	25.0	
Various Other Cuts	<u>9.5</u>	(645.4)
Add Debt Service		<u>150.0</u>
Adjusted Total		<u><u>2,614.3</u></u>

Sources of Funds:

Tuition & Fees	203.0	- ? high
Housing	200.0	
Bookstore	150.0	
Food Service	250.0	
	<u>803.0</u>	

State Appropriation	<u>1,811.3</u>
	<u><u>2,614.3</u></u>

Note: ... tuition  
EQUALIZATION ...  
ON NET COST TO STATE.

Revised Program or Function  
3/13/75

	Salaries (detail attached)	Travel	Supplies	Contractual Services	Student Aid	Other	Capital	Overhead	Fringe Benefits	Total
Current Non-Restricted Funds	(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
Expense:										
Administration & General:										
Public Relations & Develop.	21,312								3,623	24,935
Military Prog. Admin.	69,768	9,000	18,000	6,000			10,000		11,861	124,629
Dean of Students/Fin'l Aid	30,252								5,143	35,395
Clinic Operation	6,053								1,029	7,082
Admissions & Records	58,008	1,500	5,000						9,861	74,369
Accounting Services	44,376		2,000	2,000		100			7,544	56,020
Personnel Services	19,392		2,000			300			3,297	24,929
Purchasing & Expediting	20,640		2,000			200			3,509	26,349
Bus & Intercampus Mail	18,240								3,100	21,340
Library	74,136		2,000						10,733	86,869
General Institutional	35,808		53,000*	20,000					5,067	113,875
Title III Admin (Matching)						24,941**				24,941
Total	397,935	10,500	84,000	26,000		25,541	10,000		64,767	620,793
Instruction:										
Liberal Arts Faculty	873,325								148,465	1,021,790
Support & Other	78,676	50,000	40,000			2,000	10,000		9,125	189,801
Nursing Support	43,352	25,000	7,000	13,000		7,277**			6,520	106,549
						4,400				
Total	995,353	75,000	47,000	13,000		13,677	10,000		164,110	1,318,140
Plant Operation & Security:										
Utilities & Administration	10,320	100	40,800	105,700		12,100	1,300		1,754	172,074
Maintenance	103,886	2,000	17,500	35,000			20,000		17,661	196,047
Custodial	151,860	1,700	19,000	4,000		2,500	22,000		25,816	226,876
Security & Safety	25,800								4,386	30,186
Total	291,866	3,800	77,300	144,700		14,600	43,300		49,617	625,183

UNIVERSITY OF ALASKA  
 SOUTHCENTRAL REGION  
 AYU Projected Impact

Revised 3/13/75	Program or Function	Salaries (detail attached)	Travel	Supplies	Contractual Services	Student Aid	Other	Capital	Overhead	Fringe Benefits	Total
		(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
<b>Current Non-Restricted Funds</b>											
<b>Auxiliary Services:</b>											
	Housing (all)	35,760		7,000			9,000	3,000		6,079	60,839
	Bookstore	10,000		138,300						1,700	150,000
	Food Service	87,032		143,173				5,000		14,795	250,000
	<b>Total</b>	<b>132,792</b>		<b>288,473</b>			<b>9,000</b>	<b>8,000</b>		<b>22,574</b>	<b>460,839</b>
	4% COL Salary Increase (Feb '75)	72,720								12,043	84,763
	<b>Total Expense Current Non-Restricted Funds</b>	<b>1,890,716</b>	<b>89,300</b>	<b>496,773</b>	<b>135,700</b>	<b>--</b>	<b>62,818</b>	<b>71,300</b>	<b>--</b>	<b>313,111</b>	<b>3,109,718</b>
<b>Income:</b>											
	Tuition										163,000
	Continuing Education Fees										25,000
	Other Miscellaneous										10,000
	<b>Total</b>										<b>203,000</b>
	State Appropriation										106,713
	<b>Auxiliary Services:</b>										
	Housing Rentals										200,000
	Bookstore Sales										150,000
	Food Service Sales										250,000
	<b>Total</b>										<b>600,000</b>
	<b>Total Income Current Non-Restricted Funds</b>										<b>3,109,718</b>

UNIVERSITY OF ALASKA  
SOUTHCENTRAL REGION  
NWU Projected Impact

Revised 3/13/75	Program or Function	Salaries	Travel	Supplies	Contractual Services	Student Aid	Other	Capital	Overhead	Fringe Benefits	Total
		(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
<b>Current Restricted Funds</b>											
<b>Expense:</b>											
<b>Administration &amp; General:</b>											
	Title III Administration	43,820	3,000	3,000	10,000		(24,941)***	1,000		7,449	52,328
	ASHES Administration	28,104					9,000			4,778	32,832
	<b>Total</b>	<b>71,924</b>	<b>3,000</b>	<b>3,000</b>	<b>10,000</b>		<b>(15,941)</b>	<b>1,000</b>		<b>12,227</b>	<b>85,210</b>
<b>Instruction:</b>											
	Liberal Arts Faculty	138,249								23,502	161,751
	Liberal Arts Support	103,080	25,000	40,000			3,000	15,000		17,524	203,604
	Nurse Practical Support	27,696	8,820	400	2,570		((2,337)***	850		4,708	44,507
	Nurse Leaders Support	9,696	6,322	600	24,534		(1,800				
	Comm. Mental Health	14,720					((4,940)***			1,648	39,450
	Nursing Faculty	311,177	2,665	600	1,510	32,100	(1,600			2,502	55,547
							450			52,900	354,077
	<b>Total</b>	<b>604,618</b>	<b>42,807</b>	<b>41,600</b>	<b>28,614</b>	<b>32,100</b>	<b>(427)</b>	<b>15,850</b>		<b>102,724</b>	<b>867,945</b>
	4% COL Salary Increase (Feb '75)	27,062								4,000	31,062
	<b>Total Expenses</b>	<b>703,604</b>	<b>45,807</b>	<b>44,600</b>	<b>39,614</b>	<b>-32,100</b>	<b>(16,368)</b>	<b>16,850</b>		<b>119,611</b>	<b>925,919</b>
<b>Income:</b>											
	Federal, State, Grants & Contracts										<u>934,818</u>

\* Includes \$25,000 contingency for possible salary adjustments and \$25,000 general contingency.  
 \*\* Transfers from non-restricted (hard) to restricted (soft) funds.  
 \*\*\* Detail not included.

March 15, 1975

Justification for New Positions Proposed in Relation to the Transfer of  
AMU Personnel and Facilities

Personnel Services

See attached memo.

Purchasing & Expediting Services

One additional clerical position is necessary to accommodate the increased purchasing activity and the increased property processing and control, and warehouse activity which will be created by the acquisition of AMU personnel, programs, and facilities.

One additional expeditor position will be necessary in order to serve the expediting and delivery requirements that will be generated by the expansion of personnel and the acquisition of another facility. This position is considered to be a critical requirement.

Bus Operation & Mail Service

The intercampus bus operation will likely expand to include far more frequent trips to the AMU campus than they now make. In order to expand the schedule, it may be necessary to put another vehicle into operation and will require an additional driver to operate it.

The acquisition of another facility to include residence halls will most definitely put a strain on the intercampus mail system and will require at least one additional mail clerk position. This is considered to be a minimal request.

Physical Plant Administration

The current clerical support to the Physical Plant administration is marginal and is not entirely adequate to accommodate the needs of both the administration and maintenance department and the custodial department. The acquisition of the AMU facility will mean a significant expansion in the maintenance and custodial staffs, thereby creating the need for more clerical support for the department.

March 14, 1975

Physical Plant Maintenance

The policy of the University is to establish maintenance positions by specialty; i.e., plumber, electrician, carpenter, etc. Since it appears that most of the current AMU staff are generalists and because the AMU grounds as we remember them from last summer were neglected by financial necessity, it is felt that the addition of a qualified groundsman would be necessary in order to maintain the grounds at the same level of quality as the UAA campus.

Physical Plant Custodial

Four additional custodial positions will be required in order to maintain the facilities at the same level of quality as the UAA campus.

Physical Plant Safety & Security

The addition of 14 more buildings to include three residence halls, plus faculty housing, will require the minimum of one and one-half FTE security patrolmen positions in addition to our current staffing. The distance involved from the UAA campus and the added attractions of the ski jump, a ski tow, a ski hill, a lake, a tennis court, and a hockey rink will have a definite impact on the manpower requirement for safety and security purposes. The expansion of the safety and security department staff from two and a half FTE to four FTE will require its own clerical help in order to accommodate the prompt processing of reports and other paper work, and also maintain proper staffing for handling an increasing load of contacts by both University personnel and the public.

*file*

Alaska Methodist University  
Closeout schedule of money needs for fiscal 1975 obligation

	May 1	May 18	May 23	June 2	June 18	June 24	Closeout Commitments carried for- ward to fis- cal 1976	TOTALS
A. Accounts Payable	78,000	69,000	69,000	69,000	69,000(2)	69,000	-0-	
Payroll	18,000	18,000	294,000(1)	18,000	18,000	82,000		
Accrued vacation						46,200		
Balance of Payroll taxes							40,000(3)	
Sub total	96,000	87,000	363,000	87,000	87,000	197,200	40,000	957,200
Estimated Severance:								
Travel and Moving			32,000					
Faculty and Staff			183,000			90,800		
Blue Cross			1,000			2,500	11,500	
B. Sub total			216,000			93,300	11,500	320,800
Closeout & Severance, A+B	96,000	87,000	579,000	87,000	87,000	290,500	51,500	<u>1,278,000</u>

- (1) May 23 payroll includes \$160,000.00 for June, July and August balances of faculty contracts, Alaska State law requires payment of all accrued wages due within 24 hours of termination.
- (2) Accounts payable figure is calculated to carry no obligations forward into fiscal 1976. A total requirement of \$423,000.00 was distributed among the periods.
- (3) Alaska State income tax on the second quarter is due the end of July.

*Handwritten initials/signature*

*At time of payment to ANU*

ORIGINAL VALUES & AMOUNT PAID FOR ANU LANDS

(INFO FROM BLM ANK. FILES)

<u>INSTRUMENT NO.</u>	<u>ACREAGE</u>	<u>APPRAISED</u>	<u>DISC. ALLOWED</u>	<u>PAID</u>	<u>\$/ACRE</u>
1150278* November 23, 1958	242.5	\$ 36,375.00	68%	\$11,640.00	\$ 48.00
(1180433) same date		\$ 150.00 acre			
50-64-0186* June 2, 1964	227.5	\$204,750.00 \$ 960.00 acre	70%	\$61,425.00	\$ 270.00
50-64-0187* June 2, 1964	35	\$ 58,750.00 \$ 1,650.00 acre	50%	\$29,500.00	\$ 842.85
<u>Total appraised</u>	505 A	\$302,105.00		\$ 598.21/acre	
<u>Total paid</u>	505 A	\$102,565.00	66%	\$ 203.10/acre	

REFERENCE: ANU Real Estate produced by Tryck, Nyman & Hays on file in University of Alaska Planning Files.

There are patents to the land and therefore title is held by ANU and they can sell or lease as long as they do not violate the restrictions attached. The patent has a re-issued (11/11/64), but the original patent has expired, so there are no restrictions on the land.

SUMMARY OF LAND VALUE AND  
REPRODUCTION COST ESTIMATES

Main Buildings - Reproduction Cost		
Grant Hall	\$3,372,000	
Gould Hall	1,533,000	
Campus Center	<u>5,934,000</u>	
		\$10,839,000
Site Development		
Roads and Paving	\$ 279,000	
Water Lines	180,000	
Sewer Lines	140,000	
Electricity and Lighting	280,000	
Natural Gas Lines	<u>71,000</u>	
		<u>950,000</u>
Subtotal		\$11,789,000
Indirect Costs		
Architect and Engineer (@ 6%)		707,000
Contingencies (@ 5%)		<u>589,000</u>
Total Main Buildings		\$13,085,000
Additional Improvements (Including Indirect Costs)		
Carillon	\$ . 95,000	
Maintenance Building	46,000	
Behavioral Sciences	55,000	
Faculty Residences	552,000	
Ski Hill Equipment	25,000	
Tennis Courts	60,000	
Hockey Rink	40,000	
Landscaping	<u>90,000</u>	
		<u>963,000</u>
Subtotal		\$14,048,000
Land - Fair Market Value		<u>5,800,000</u>
Total Land Value plus Reproduction Cost Estimate		\$19,848,000
	Rounded to	<u><u>\$19,850,000</u></u>

Allocation:

<u>Improvements</u>	<u>Present Value</u>
(1) Underground Utilities	\$ 277,186
(2) Parking	69,027
(3) Student Union	5,663,886
(4) Grant Hall	3,654,509
(5) Gould Hall	1,409,600
(6) Behavioral Sciences	31,159
(7) Shop Garage	52,029
(8) Ski Jump	67,900
(9) Carillon	72,750
(10) Tennis Courts	28,384
(11) Hockey Rink	24,302
(12) Landscaping	158,586
(13) Faculty Residences (including land)	652,500
Total Improvements	<u>\$12,161,818</u>
Land	<u>7,000,000</u>
TOTAL VALUE ALASKA METHODIST UNIVERSITY REAL ESTATE	\$19,161,818
(rounded)	<u><u>\$19,200,000</u></u>

Methodology:

The subject is a special purpose property. The standard method of appraising special purpose properties is to value the improvements based on cost new less depreciation then add the land. Depreciation must include all forms including

ISSUE OF  
RENT-FREE CLASSROOM SPACE

RHODE

HB 441

file

MEMORANDUM

To: Finance Committee - Hugh Malone, Chairman  
Education Subcommittee - Clark Gruening, Chairman

From: Interim Committee on Higher Education - Kathryn Ostrosky, Chairwoman

Date: May 15, 1975

Subject: Rationale for Option to Purchase and for Continued Operation of AMU

Option to Purchase AMU

The State of Alaska would purchase an option on buildings and grounds of AMU, option price to be 1.93 million. Intent of purchasing the option would be to allow the State of Alaska to examine its interests in higher education in the state. Option would be effective for one year but could be extended from year to year at an agreed upon price. The mechanics of such an extension would be agreed upon by both parties. For example, an additional extension of the option price for one year could be \$1.2 million.

Tuition Assistance

The tuition assistance program pertaining to AMU would be revised upward to \$1850 per student for an academic year. The purpose of this would be to place AMU students on a parity for tuition costs with those of the U of A. Since the tuition at AMU is \$2,150 per academic year, the student would be required to pay an additional \$300 - the same cost as it would be to enroll for one year at the U of A. Appropriate amendments to HB 433 in the amount of grants and the formula for computing states portion of operational budget would implement this portion. It is important that the residency requirements be reduced to one year in order to qualify for AMU tuition assistance. There is only a one year requirement for a non-resident to become a resident at the U of A. Inasmuch as AMU would be reclaiming \$250 more per student for tuition assistance than other private higher education institutions in the state, the \$250 would be considered part of the option money which would apply against the purchase of AMU. Thus it is conceivable that \$1,295,000 would be needed to accommodate approximately 700 FTE.

(full time equivalent) students who would like to register at AMU. Of this \$1.295 million, \$175,000 would be that extra amount that would apply toward that purchase option. It is important to note that the tuition assistance money not applied toward the option is money which has been paid for services rendered in that AMU has provided educational services for the students who have participated in the tuition assistance program. Please note that the tuition assistance money given Sheldon Jackson is given freely and there is no "reimbursement" to the State for these monies which S.J. receives.

#### Cross-Registration

There must be a change in the conditions of the consortium arrangement in the Anchorage area - this change being any student who cross-registers pays the appropriate registration fee at that institution where they choose to cross-register. During 1974-75, 279 U of A students cross-registered for courses at AMU. During that same period only 75 AMU students cross-registered at UAA/ACC. In addition, several U of A classes convened in AMU facilities; furthermore, many of the drama productions were held in the theater facility.

Many communities in the state and several hundred students have already benefited from the health care they have received from the nurses that have participated in the nursing program. It is essential that this program be funded and continued at the strength requested as this is the only four year baccalaureate nursing program in the state. This nursing program brings in additional federal dollars in the amount of \$250,000 per year.

#### Option Costs

To summarize the option expense to the State of Alaska for 1975-76 would consist of two parts:

\$1,930,000.00	option
\$ 175,000.00	extra tuition assistance
\$2,105,000.00	Total

This amount of money shall be deducted from the purchase price of ~~\$15,000,000~~ should the state elect to exercise the option to buy at the end of the option year.

In the event of the purchase of AMU, the net cost for educating approximately 700 students for 1975-76 at AMU would be \$1,447,000. If the State failed to exercise its option, the net cost would be no more than what it normally costs the State of Alaska to educate 700 students for one year. This is substantially less than it would cost the State to consummate the sale and transfer the programs and students.

In order to consummate the option to purchase, 1 million dollars would be needed as of May 23, 1975 and the balance of \$930,000 to be paid July 1, 1975.

A.M.U.

1975-76

OPTION - to A.M.U.	1,930,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	327,000
Total State	<u>3,552,000</u>

To be applied to	1,930,000
<u>OPTION</u>	175,000
to buy	<u>2,105,000</u>

1976-77

OPTION	1,200,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	350,000
TOTAL STATE	<u>2,845,000</u>

To be applied to	1,200,000
<u>OPTION</u>	175,000
to buy	<u>1,375,000</u>

(DRAFT)  
PRESS STATEMENT

(From Office of Gov)

UNIVERSITY OF ALASKA AGREEMENT TO PURCHASE  
ALASKA METHODIST UNIVERSITY

For several weeks the executive and legislative branches have been reviewing the information provided by Alaska Methodist University and the University of Alaska regarding the proposal for the University of Alaska to purchase Alaska Methodist University and transfer the programs to the University.

There are several issues both implicit and explicit in deciding what action should be taken. While I do not feel it is the prerogative of the Office of the Governor to determine the various means for implementation of any action chosen, I do feel that it is incumbent upon me to offer some kind of statement of policy direction.

1. The Purchase

It is my position that a purchase, since it is a substantial capital investment, should not be carried out without an opportunity for voters to give direction. A bond issue should be placed on the November 1976 ballot. In the meantime, I recommend a lease of Alaska Methodist University facilities by the University of Alaska with an option to purchase, contingent on voter approval on the bond issue. The option monies should then be applied to the purchase price.

2. The Educational Program

It is becoming increasingly clear that Alaska Methodist University has provided a program which has met specific needs of the Alaskan citizenry and, by virtue of its flexibility, has been able

to stimulate an imaginative educational program in Alaska. There is little doubt that some of the difficulties faced by Alaska Methodist University are directly tied to the growth of the Anchorage campus of the University of Alaska.

It would be my recommendation that the State guarantee a continued operation of Alaska Methodist University programs through either contractual relationship with Alaska Methodist University or the necessary adjustments in the tuition assistance program.

By the State providing an approximate \$1.9 million option funding and increasing tuition assistance for both Alaska Methodist University and Sheldon Jackson to \$16 hundred it appears that the additional funding necessary to keep Alaska Methodist University programs operating, would be approximately \$175 thousand or the difference between the \$16 hundred of tuition assistance and the actual cost amount. If the State added the \$175 thousand support to the \$1.9 million option monies and applied that amount of approximately \$2.1 million to the purchase price, in the event of the passage of a bond issue, the net cost for educating the students for that year would likely be no more than the cost of educating them at the University of Alaska.

The funding for the two year period involved would then be basically as follows:

ALASKA METHODIST UNIVERSITY

1975-1976

Option to Alaska Methodist University	1,930,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	<u>327,000</u>
TOTAL STATE	3,552,000

<u>OPTION</u>	1,930,000
	<u>175,000</u>
	2,105,000

1976-1977

Option	1,200,000
Tuition	1,295,000
Nursing Grant	<u>350,000</u>
TOTAL STATE	2,845,000

<u>OPTION</u>	1,200,000
	<u>175,000</u>
	1,375,000

Under a program such as this the recently formed post secondary education could perform most responsibility the charge given through statute, and hopefully, the entire State would be benefited by a more thorough, far-reaching analysis future of post secondary education in the State of Alaska.

It is my understanding that this recommendation is consistent with the general concepts of the suggestions adopted by the interim committee on higher education and submitted to the House Finance Committee.

I am encouraged that the executive and legislative branches may reach mutual agreement on the wisest way to address the Alaska Methodist University purchase question and that the Post-Secondary Education Commission may have a significant role in truly directing discussions surrounding this major move in higher education.