

HB

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SENATE COMMITTEE REPORT

FURTHER

4/6/89

DATE TURNED INTO OFFICE

2/16/90

Mr. President:

FINANCE

Committee considered

GS HB 74 (FIN)

acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new DOR ^{DOR (603.9)} 2/23/90 updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
Paul Greke
[Signature]

Chairman signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Seward Student Service Center
Financing _____
Sponsor: House Finance
Requestor: Senate Finance

Agency Affected: State Bond Committee
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)
TOTAL OPERATING	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: attach a separate page for analysis. Fiscal year 1990 effect is zero. Assumes financing for acquisition of Center at 7.06 percent on \$5,490,00 bonds with final maturity in fiscal year 1999. See attached analysis.

Prepared By: Milt Barker *MB*
Division: Treasury

Phone: 465-2350
Date: February 22, 1990

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 2/23/90

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Adopted

Fiscal Note Analysis
CS HB 74 (Finance)

The Department of Administration intends to enter into a lease-financing agreement for the Seward Student Service Center. The agreement is expected to be with the Alaska State Housing Authority (ASHA) as lessor. The State would assign its purchase option under an existing lease-financing agreement to ASHA. ASHA would issue debt and use the proceeds to exercise the purchase option. State lease rental payments under the new lease-financing agreements with ASHA would pay the debt service on ASHA debt. The reason for this undertaking is that the State's lease rental payments would decrease significantly under the new lease-financing agreement as a result of declines in interest rates. The current lessor's proceeds from sale of the leased facilities to ASHA will be used to payoff currently outstanding debt issued by the current lessor.

Under the proposed lease-financing agreement, ASHA would acquire the Seward Student Service Center from Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.) at one of the prices listed below:

Seward Student Service Center

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

The Seward Student Service Center is a student lounge and recreation complex for the Alaska Vocational-Technical (Vo-Tec) Center at Seward. The Vo-Tec Center is the only State-operated adult vocational training facility in the State. The Center was completed and occupied by the State in April 1985.

Assuming the sale is closed during July 1 to July 30, 1990, the purchase price would be \$4,717,860. The anticipated amount of the ASHA financing for this project would be \$5,490,000 including the costs of issuance. The resulting anticipated annual lease rental payments by the State compared to existing payments would be:

Seward Student Service Center

<u>Fiscal Year</u>	<u>Anticipated Rent</u>	<u>Existing Rent</u> ^{1/2/}	<u>Savings</u>
1991	\$202,417 ^{3/}	\$806,348	\$603,931
1992	721,704	809,550	87,846
1993	724,614	812,763	88,149
1994	725,174	815,990	90,816
1995	723,324	819,230	95,906
1996	724,004	822,482	98,478
1997	726,819	825,747	98,928
1998	726,359	829,025	102,666
1999	674,347	832,317	157,970
2000	-	(812,254) ^{4/}	(812,254)
TOTAL	<u>\$5,948,762</u>	<u>\$6,561,198</u>	<u>\$612,436</u>

Notes to Seward Student Service Center Table:

1. 1990 and later existing rents are reduced by the credit for payment one year in advance.
2. 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provision of the lease.
3. Includes \$548,633 rebate under existing lease calculated as follows: June 10, 1990 Existing Rent Payment of \$845,463 - \$39,115 credit for payment one year advance - (\$5,705,000 certificates outstanding + 1.5% call premium of \$85,575 - \$4,717,860 purchase price - \$815,000 reserve fund).
4. Upon final payment of debt, return of \$815,000 reserve fund to State less \$2,746, the amount by which the debt service due July 1, 1999 and January 1, 2000 exceeds the final rent payment due on June 10, 1999.

The present value of the savings to the State is estimated at \$711,042 using the estimated 7.0601 percent true interest cost on the proposed ASHA financing.

Offered: 3/10/89
Referred: Rules

go0479hH

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR HOUSE BILL NO. 74 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the acquisition and financing of
7 the Seward Student Service Center by the Alaska State
8 Building Authority, and relating to the use of a
9 lease-financing agreement for the project; and pro-
10 viding for an effective date."
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
12 * Section 1. The Alaska State Building Authority may acquire the Seward
13 Student Service Center in Seward and provide financing for the acquisition.
14 * Sec. 2. Section 1 of this Act gives the approval referred to in
15 AS 18.55.100(d).
16 * Sec. 3. The Department of Administration may enter into a lease-
17 financing agreement with the Alaska State Building Authority for the Seward
18 Student Service Center in Seward.
19 * Sec. 4. Section 3 of this Act gives the approval referred to in
20 AS 36.30.080(c).
21 * Sec. 5. The Alaska State Building Authority shall transfer to the
22 state the title to the Seward Student Service Center when the
23 (1) bonds for the authority's acquisition of the center have
24 been paid off;
25 (2) bonds for the authority's acquisition of the center have
26 been defeased; or
27 (3) Department of Administration exercises its purchase option
28 under its lease-financing agreement with the authority.
29 * Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA

DEPARTMENT OF REVENUE

TREASURY DIVISION
April 5, 1989

STEVE COWPER, GOVERNOR

ELEVENTH FLOOR
STATE OFFICE BUILDING
P.O. BOX SB
JUNEAU, ALASKA 99811-0400

The Honorable Pat Pourchot
Chairman
Senate State Affairs Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Senator Pourchot:

At the request of the Senate State Affairs Committee, I submit the following information regarding HB 74, "An Act relating to the acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project."

The true interest cost on the existing debt (Refunding Certificates of Participation in Rent, 1986) is 7.3336%. The true interest cost assumed in the fiscal note is 6.7542%. The fiscal note analysis was done September 27, 1988. Since that time interest rates have risen to the point that the estimated true interest cost on the Alaska State Building Authority ("ASBA") financing for the project would be about 7.25%, only slightly below the rate on the existing debt.

Using last fall's estimated interest cost, the expected savings on rent payments by the State would be as follows if ASBA were to acquire the facility this July:

Seward Student Service Center

<u>Fiscal Year</u>	<u>Anticipated Rent</u>	<u>Existing Rent 1/2/</u>	<u>Savings</u>
1990	\$ 764,307	\$ 803,160	\$ 433,229 3/
1991	737,872	806,348	68,476
1992	741,840	809,550	67,710
1993	738,102	812,763	74,661
1994	742,352	815,990	73,638
1995	738,915	819,230	80,315
1996	738,037	822,482	84,445
1997	739,337	825,747	86,410
1998	742,097	829,025	86,928
1999	181,202	832,317	651,115
Total	<u>\$6,864,061</u>	<u>\$8,176,612</u>	<u>\$1,706,927</u>

Notes

1. 1990 and later existing rents are reduced by the credit for payment one year in advance.
2. 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provisions of the lease.
3. 1990 savings includes \$394,375.80 rebate under existing lease calculated as follows:
June 10, 1989 Existing Rent Payment of \$842,275.20 - \$39,115.40 credit for payment one year advance - (\$6,090,000 certificates outstanding + 2% call premium of \$121,800 - 4,988,016 purchase price - \$815,000 reserve fund).

The present value of the total projected savings in rent (\$1,706,927) would be \$1,203,001 using the assumed 6.7542% interest rate.

Since current interest rates are up from last fall, to close to the rate on the existing debt, the savings would be significantly reduced. The State would still receive a rebate of \$394,375.80 as explained in note 3 to the above table if the acquisition by ASBA took place. However, with interest rates and the economy appearing to be approaching peaks in their cycles and with a difference of only 50 basis points (.5 percent) required to produce the savings projected above, the State would probably refrain from executing this refinancing until interest are back closer to the 6.75% or less of last fall. Similar analyses to that shown above would be performed to determine when to proceed. The State Bond Committee has used a present value savings of 3 percent of the amount of new debt issued to warrant a refinancing. The interest rates of last fall would produce a present value savings of 21.5 percent.

It would be desirable to have the authorizing statutes in place, so that this financing can proceed when interest rates warrant. The acquisition can only take place in July of any year at one of the following prices specified in the State's current lease:

Seward Student Service Center

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

Financing does not necessarily have to take place at the time of acquisition, but can be done in advance when interest rates warrant.

The purchase price basically tracks the amount of debt outstanding as follows

<u>July 1</u>	<u>Purchase Price</u>	<u>Certificates Outstanding</u>	<u>Redemption Price</u>
1989	\$4,988,016	\$6,090,000	102.0%
1990	4,717,860	5,705,000	101.5
1991	4,422,324	5,300,000	101.0
1992	4,094,640	4,865,000	100.5
1993	3,778,756	4,400,000	100.0
1994	3,360,876	3,905,000	100.0
1995	2,942,952	3,370,000	100.0
1996	2,474,832	2,795,000	100.0
1997	1,952,004	2,175,000	100.0
1998	1,370,520	1,500,000	100.0
1999	722,484	775,000	100.0

Section 2.6 of Amendment Number Two to the Commercial Lease between Delta Fox, Ltd. and the State of Alaska (enclosed) gives the State the option to purchase the facility at the above times and prices. Section 2.7 of Amendment Number Two provides for amounts remaining in the reserve fund for the existing debt (\$815,000) to be paid to the State upon purchase so long as the amount paid does not exceed the preceding annual rent payment less the credit of \$39,115.40 under Section 5.6 of the Lease (enclosed) for early payment.

Under Section 2.7 of the Amendment, it appears the current lessor, Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.) has an incentive to defer the sale as long as possible in that the purchase price gradually comes closer to the redemption price of the Certificates (the amount outstanding multiplied by the redemption price). Thus, by 1999 very little of the \$815,000 reserve fund is needed to make up the shortfall of the purchase price relative to the redemption price. Thus, delay increases the amount of the reserve fund that will remain with the lessor after redemption of the outstanding certificates (which is required upon exercise of the State's option to purchase) and rebate to the State of an amount up to its preceding rent payment less the early payment credit (\$800,000+). The early payment would still be on deposit in the Payment Fund at the time of acquisition and together with the reserve fund would constitute the cash available for the redemption and rebate. Currently part of the early payment is needed in addition to the reserve fund to make up the shortfall between the purchase price and redemption price. In later years that is not the case and the early payment suffices to fund the State's rebate, leaving most of the reserve fund for the lessor.

Current rental payments and existing debt service payments are as follows:

<u>Fiscal Year</u>	<u>Existing Rent</u>	<u>Existing Debt Service</u>
1990	\$ 803,160	\$ 820,657.50
1991	806,348	824,737.50
1992	809,550	826,027.50
1993	812,763	824,407.50
1994	815,990	829,757.50
1995	819,230	831,237.50
1996	822,482	833,687.50
1997	825,747	842,187.50
1998	829,025	840,887.50
1999	<u>832,317</u>	<u>835,062.50</u>
	\$8,176,612	\$8,308,650.00

The Honorable Pat Pourchot
April 5, 1989
Page 4, 1989

The rent was in excess of the debt service on the original certificates issued by the lessor to allow for maintenance costs and profit to the lessor. The rent is now less than debt service because the original certificates were refunded and the present value savings were all taken up front, split 50 - 50 between the State and lessor.

Dick Fischer Development, Inc. was selected as developer and lessor for the project by a competitive sealed bid according to the Department of Administration. The bid was awarded solely on the basis of cost, with Dick Fischer Development, Inc. submitting the low bid.

Sincerely,



Milton B. Barker
Deputy Commissioner

MBB/ph

enclosures

89-102

option between the date of State's acceptance pursuant to Section 4.2 and June 30, 1987."

Section 2.7 Section 24.2 of the 1984 Commercial Lease is hereby amended to read as follows:

"The following Net Prices include all closing costs:

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1987	\$5,467,416.00
July 1 - July 30, 1988	\$5,236,740.00
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

Upon payment of the option price set forth above, the Landlord shall cause the Trustee to call the 1986 Certificates for redemption on the earliest practicable date and to apply to the payment of the redemption price, in addition to the option price, to the extent necessary, any moneys remaining in the Payment Fund, the Reserve Fund or any other funds or accounts held under the Indenture. Upon the payment or defeasance of the 1986 Certificates, the Landlord shall cause the Trustee for the 1986 Certificates to pay to the State any funds held by the Trustee remaining in the Payment Fund, Reserve Fund or any other fund or account held under the Indenture but not in excess of the preceding Rent payment less the amount paid to the State pursuant to Section 5.6 hereof.

Section 2.4 Section 15.1 of the 1984 Commercial Lease is hereby amended to read as follows:

"STATE'S DEFAULT

The occurrence of any of the following shall constitute an event of default:

- (a) A default in the payment of the Rent due for a period of thirty (30) days after notice in writing.
- (b) A default in the performance of any other covenant or condition on the part of State to be performed for a period of thirty (30) days after service by Landlord on State of a written notice specifying a particular default or defaults, provided, however, that State shall not be in default of this Lease if steps to cure the default have been commenced promptly by State and in good faith State continues to prosecute those steps to completion, and provided, further, however, any failure to pay Rent as a result of specific legislative prohibition as described in Section 3.4 hereof shall not constitute an event of default."

Section 2.5 Article XX of the 1984 Commercial Lease is hereby amended to provide that the "NOTICE TO LANDLORD" shall read as follows:

"NOTICE TO LANDLORD: Delta Fox, Ltd.
880 "H" Street, Suite 209
Anchorage, AK 99501."

Section 2.6 Section 24.1 of the 1984 Commercial Lease is hereby amended to read as follows:

"State shall have the option to purchase outright the Student Service Center at the times and at the prices listed herein. Funds for such purchase may be provided from the proceeds of the issuance of refunding certificates of participation or bonds or from any other source. State shall not have any purchase

issued for each July. The percentage increase, if any, in the CPI issued for July 1989 and July 1994 over the CPI issued for July 1984 will determine the maximum allowable adjustment of variable costs over the original Rent. The adjustment is not cumulative; it is to be computed from the base CPI, July 1984 for both the 1990 and the 1995 adjustment actions. Adjusted annual Rental Rate will be computed as follows:

$$[(10\% \times \text{Rent}) \times \% \text{ of change in CPI}] + \text{Rent} = \text{Adjusted Annual Rental Rate}$$

No retroactive adjustments will be allowed:

5.3. State's Obligations and Remedies

State's obligation to pay Rent due with respect to the Premises and to perform and observe all other covenants and agreements of State contained herein shall be absolute and unconditional except for the failure of the Legislature to appropriate funds; and the Rent due and payable hereunder shall be made without notice or demand and without set-off, counterclaim, abatement, deduction or defense except that State may offset against the Rent an amount not to exceed \$6000 for claims due to State by Landlord under this Lease and the Ground Lease. However, nothing herein shall be construed to release Landlord from the performance of its obligation and State may institute such legal action against Landlord as State may deem necessary to compel the performance of such obligation.

5.4 Nonsubstitution

If this Lease is terminated by State in accordance with Section 3.1, State agrees for a period of one year that its Department of Education will not to construct, purchase, lease, operate, contract for or use any facilities which are functionally similar to the Premises or any of the uses which are functionally similar to any of the uses of the Premises, and agrees not to permit functions similar to those performed through the use of the Premises to be performed by an agency or entity affiliated with or hired by or for the Department of Education.

5.5 Budget Request and Appropriation

State will, prior to the commencement of each fiscal year for which this Lease is in effect, include the Rent due in such fiscal year in its annual budget request to the Legislature. State agrees to use any appropriation legally available for the Rent and to immediately encumber available appropriations for such payments prior to allocating or encumbering funds for the projects or costs for which no legal obligation to pay exists.

5.6 Consideration for Advance Rent

Concurrently with the payment by State of the Annual Rent, Landlord shall pay to State the sum of \$39,115.40 as consideration for payment of the Rent one year in advance, except that such payment shall be proportionately reduced to the extent that State exercises a right of offset pursuant to Section 5.3.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

cc
HB 74

January 9, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

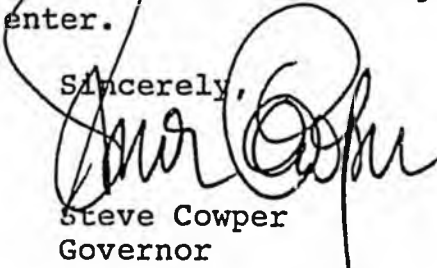
Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that gives legislative approval to a lease-financing project: the acquisition and refinancing of the Seward Student Service Center by the Alaska State Building Authority (ASBA). The terms of AS 36.30.080(c) and AS 18.55.100(d) require this legislative approval.

Provisions such as those in AS 18.55.100(d) and AS 36.30.-080(c), requiring specific executive-branch activities to be submitted to the legislature for approval before they may proceed, raise a substantial question of constitutionality under the separation-of-powers doctrine. It has long been the Administration's position that such provisions are invalid. However, like my predecessors, I am aware of the legislature's interest in projects such as these and am, as a courtesy to the legislature, submitting these projects for approval.

Under AS 18.55.100(d), the bill authorizes ASBA to acquire the Seward Service Center and to provide financing for the acquisition. Under AS 36.30.080(c), the Department of Administration may enter into a lease-financing agreement with ASBA for the student center.

Sincerely,



Steve Cowper
Governor

STATE OF ALASKA
1989 LEGISLATIVE SESSION

Bill Version: HB 74
Publish Date: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: State Bond Committee
 Title: Authorizing Acquisition and BRU: _____
Refinancing of Seward Student Service Center
 Sponsor: Rules Committee Components: _____
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	(433.2)	(68.5)	(67.7)	(74.7)
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	(433.2)	(68.5)	(67.7)	(74.7)
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	(433.2)	(68.5)	(67.7)	(74.7)
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: 12-19-88

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 12/19/88

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Fiscal Note Analysis

The projected annual savings on refinancing the Seward Student Service Center through its acquisition by the Alaska State Building Authority is estimated in the table below.

The present value of the savings on the Seward facility would be \$1,203,001, representing a savings of 21.5 percent of the amount of bonds issued. This is far above the State Bond Committee's criteria of 3 percent savings to justify a refinancing.

The Seward refinancing would reduce the required lease payments to be made by the State Bond Committee for Seward as detailed in the attached September 23, 1988 memo. However, because the actual interest rate on the refunding debt--and therefore the actual reduction in debt service--will not be known until the bonds are sold, no reduction should be made to the \$12,106,257.68 appropriation to the State Bond Committee for FY 90 lease payments. The FY 90 savings would lapse and future appropriations would be reduced.

Please see the attached letter of _____ from John Andrews for additional information on the Seward refinancing.

Lease-Financing Costs (Savings)

<u>Fiscal Year</u>	<u>Seward Student Service Center</u>
1990	\$(433,229)
1991	(68,476)
1992	(67,710)
1993	(74,661)
1994 to maturity	<u>(1,062,851)</u>
Total	\$(1,706,927)

30

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Refinance of Seward Student
Center
Sponsor: Rules
Requestor: Governor

Agency Affected: Alaska State Building Auth
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Julia Tucker *[Signature]* Phone: 562-2813
Division: Legal Department Date: 12/31/88

Approved by Commissioner: *[Signature]* Date: 12/23/88
Agency: Alaska State Building Authority

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Acquisition and Refinancing of
the Seward Student Service Center
 Sponsor: Rules
 Requestor: Governor

Agency Affected: Education
 BRU: Alaska Vocational Technical
Center
 Components: Alaska Vocational Technical
Center

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800
 Division: Commissioner's Office Date: 12/12/88

Approved by Commissioner: Mary Hakala for William Demmert Date: 12/12/88
 Agency: Education

Distribution (by preparer):
 Legislative Finance
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