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Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE

FAIRBANKS

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House of Representatives

MEMORANDUM

DATE: May 10, 1991

TO: Representative Georgianna Lincoln, Co-chair
Representative Pat Carney, Co-chair
House HESS Committee

FROM: Representative Mark Boyer *MB*

RE: Scheduling of CSSB 232 (HES) - Revenue Bonds

I would respectfully request that you schedule CSSB 232 (HES), relating to revenue bonds issued by the University of Alaska, for a hearing by the House HESS Committee at your earliest convenience. I introduced an identical bill, HB 260, which was heard in your committee on April 26 and passed out. I intentionally held my bill in the House Rules Committee because I expected that I would be able to more easily move the Senate version through the committee process when it reached the House than move my bill in the Senate. CSSB 232 (HES) passed the Senate this week by a vote of 18-0. HB 260/SB 232 is one of my top priorities this session and I'd like to have it on the House floor by the end of next week.

The bill is a necessary addition to legislation that passed last session which allowed the Board of Regents of the University to issue debt. The bill provided that the Board could enter into agreements securing bonds and that those agreements might provide for fixing and collecting fees, rentals, or charges to secure payment of the bonds. CSSB 232 (HES) would grant the Board of Regents additional ability to pledge revenues in the amount of \$6 million to cover the cost of building and furnishing the UAF recreation center.

This specific authority is a necessary component to issue revenue bonds. Revenue bonds are bonds secured only by the revenues of particular facilities. The existing permission to issue debt did not grant the University the ability to pledge revenues to secure this specific debt. CSSB 232 (HES) would rectify this deficiency. The bill would also authorize indebtedness for the student recreation center in Fairbanks.

The new recreation center will be a \$5 million addition to the current Patty Center and connected by a covered walkway. The new facility is scheduled to be completed in 1993. The

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facility at UAF will house an indoor jogging track, three basketball courts, aerobic and weight rooms and a field for touch football and soccer.

Student activity fees will be increased \$75, but the cost won't go into effect until the center is being used. The fees will be used to reimburse the cost of building and furnishing the structure. During the past fall the students at UAF voted to support these fee increases for this purpose. User fees from community groups will also contribute to the building fund.

If you have questions or comments please don't hesitate to contact my office at 465-3467.

HOUSE HESS COMMITTEE MINUTES OF 4/26/91 ON
HB 260

NUMBER 465

REP. MARK BOYER, PRIME SPONSOR OF HB 260, AGAIN ADDRESSED THE COMMITTEE. REP. BOYER ASKED THAT BRIAN ROGERS JOIN HIM AT THE TABLE.

REP. BOYER ANNOUNCED THAT SINCE HB 260 WAS INTRODUCED IT HAD GAINED URGENCY BECAUSE IT COULD OFFER ADDITIONAL OPPORTUNITIES FOR THE UNIVERSITY. REP. BOYER EXPLAINED THAT HB 260 PROVIDED THE BOARD OF REGENTS OF THE UNIVERSITY THE ABILITY TO ISSUE SPECIFIC REVENUE BONDS, WITH SPECIFIC STRINGS ATTACHED. HE SAID THAT STUDENTS AT THE UNIVERSITY OF ALASKA, FAIRBANKS VOTED TO TAX THEMSELVES FOR CONSTRUCTION OF A RECREATIONAL FACILITY ON THE CAMPUS, BUT THAT THE SYSTEM CANNOT BOND FOR A SPECIFIC PROJECT, WITH SPECIFIC REVENUES. REP. BOYER REPEATED THAT HB 260 PROVIDED VERY SPECIFIC AUTHORITY.

REP. BOYER REFERRED TO THE JOHN BUTROVICH BUILDING WHICH WAS INCOMPLETE. A FEDERAL DEPARTMENT OF DEFENSE APPROPRIATION FOR A SUPER COMPUTER CENTER MIGHT OFFER A MEANS OF COMPLETING THAT BUILDING THROUGH BONDING. REP. BOYER REITERATED THAT THIS OPPORTUNITY WAS NOT KNOWN TO HIM WHEN HB 260 WAS INTRODUCED.

NUMBER 490

REP. C. DAVIS CONFIRMED THAT HB 260 WOULD AUTHORIZE THE BOARD OF REGENTS TO ENTER INTO AGREEMENTS ON REVENUE BONDS IN GENERAL AND SPECIFICALLY FOR THE RECREATION CENTER.

REP. BOYER RESPONDED THAT DURING HEARINGS IN THE SENATE IT WAS OBVIOUS THAT SUBSECTION 2 WAS REDUNDANT AND THE PROPOSED CS DELETED THAT SECTION.

NUMBER 510

BRIAN ROGERS, VICE PRESIDENT FOR FINANCE FOR THE UNIVERSITY SYSTEM, SUPPORTED THE RECREATION CENTER PROJECT BECAUSE THE STUDENTS HAD INDICATED IT WAS OF GREAT IMPORTANCE AND THEY WERE WILLING TO PAY INCREASED FEES FOR IT. HE EXPLAINED THAT IT WAS NOT A SPECTATOR FACILITY BECAUSE THE COMMUNITY HAD ADEQUATE FACILITIES; THAT THIS STRUCTURE WOULD BE FOR INDIVIDUAL AND GROUP TRACK AND OTHER RECREATION. MR. ROGERS INDICATED THAT STAFF AND FACULTY CHARGES WOULD ALSO BE INCREASED.

MR. ROGERS STRESSED THAT THE UNIVERSITY HAD BEEN CONSERVATIVE IN ITS DEBT ISSUANCE TO DATE, AND DESCRIBED IN DETAIL THE ISSUANCE OF BONDS IN THE PAST. MR. ROGERS BELIEVED A PORTION OF THE BUTROVICH BUILDING COULD BE FUNDED THROUGH REVENUE BONDS ISSUED AGAINST THE DEPARTMENT OF DEFENSE OR PRIVATE USE OF THE SUPER COMPUTER.

MR. ROGERS REFERRED TO COMMUNICATION WITH THE UNITED STATES FOREST SERVICE IN AN EFFORT TO HAVE A JOINT LABORATORY AT THE JUNEAU CAMPUS. HE ADDED THAT REVENUE BONDS WOULD BE HELPFUL IN THAT EVENT.

MR. ROGERS EXPLAINED CURRENT LAW AND NOTED THAT THE UNIVERSITY IS ALLOWED TO ISSUE DEBT FINANCING FOR BUILDINGS UP TO A CERTAIN SIZE. HE STRESSED THAT THE CS ALLOWS THE PLEDGE OF SPECIFIC STUDENT REVENUES TO A PROJECT. THIS WOULD ALLOW THE UNIVERSITY TO PLEDGE THE REVENUES, AND THE LEGISLATURE COULD NOT STOP THEM FROM SPENDING THEM IN THE FUTURE FOR THAT PROJECT.

NUMBER 540

REP. C. DAVIS ASKED IF STUDENT HOUSING COULD BE ACCOMPLISHED SIMILARLY.

MR. ROGERS REPLIED THAT IT COULD, AND DESCRIBED AN ANCHORAGE HOUSING PROJECT.

NUMBER 550

REP. HANLEY ASKED HOW MUCH OF THE PROJECT THE STUDENT FEES WOULD COVER.

MR. ROGERS REPORTED THAT IT WOULD BE 100 PERCENT AND EXPLAINED EFFORTS TO GET A LOWER BOND RATE.

NUMBER 560

REP. C. DAVIS ASKED FOR CLARIFICATION THAT THE DEBT LIMIT REFERRED TO A SPECIFIC PROJECT, AND THAT THERE COULD BE MULTIPLE PROJECTS.

MR. ROGERS RESPONDED IN THE AFFIRMATIVE.

NUMBER 570

REP. HANLEY VERIFIED THAT THE UNIVERSITY COULD DO "10 DIFFERENT BUILDINGS FOR \$6 MILLION EACH IF YOU WANTED TO AND WOULDN'T COME TO THE LEGISLATURE." REP. HANLEY'S CONCERN WAS THAT THEY COULD PLEDGE OTHER REVENUES -- ENROLLMENT FEES ON A SMALL CAPITAL SPENDING PROGRAM."

MR. ROGERS RESPONDED THAT WAS CORRECT, UP TO A POINT. HE ANNOUNCED THAT AT A RECENT MEETING THE BOARD HAD ADOPTED A DEBT POLICY FOR THE UNIVERSITY THAT WOULD LIMIT DEBT TO FIVE PERCENT OF ANTICIPATED UNRESTRICTED REVENUES. HE EXPLAINED DIVERSION OF EXISTING REVENUE OPTIONS.

NUMBER 588

REP. LINCOLN ASKED IF THE BOARD OF REGENTS WAS REQUIRED TO APPROVE THIS TYPE OF DEBT.

MR. ROGERS REPLIED THEY WERE, AND THAT IN FEBRUARY THE BOARD AUTHORIZED THE UNIVERSITY ADMINISTRATION TO PURSUE DEBT FINANCING FOR THE RECREATION CENTER. MR. ROGERS DECLARED THAT ONLY THE BOARD CAN AUTHORIZE ISSUANCE OF DEBT, AND EVEN WITH THE LEGISLATION NO DEBT CAN BE ISSUED WITHOUT BOARD APPROVAL. HE VOICED THE SUPPORT OF THE BOARD FOR THE LEGISLATION.

REP. BOYER INDICATED THAT HE HAD MINUTES FROM THE BOARD'S FEBRUARY MEETING WHICH CONTAINED A PARAGRAPH TO APPROVE THE FUNDING CONCEPT FOR THE FACILITY.

TAPE 43, SIDE B

NUMBER 000

REP. LINCOLN ASKED THAT THOSE MINUTES BE PROVIDED TO THE COMMITTEE.

REP. LINCOLN MOVED TO ADOPT CSHB 260 (HES). THERE WAS NO OBJECTION, AND IT WAS SO ORDERED.

REP. LINCOLN MOVED TO PASS CSHB 260 (HES) WITH THE ZERO FISCAL NOTE, WITH INDIVIDUAL RECOMMENDATIONS. THERE WAS NO OBJECTION, AND IT WAS SO ORDERED.

(7)

HOUSE COMMITTEE REPORT

Date Referred: May 9, 1991

FURTHER REFERRALS:

Finance

Date of Committee Action: 5/13/91

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered: CSSB 232(HES)

CS FOR SENATE BILL NO. 232 (HES) UNIV. OF ALASKA REVENUE BONDS

"An Act relating to revenue bonds issued by the University of Alaska; and providing for an effective date."

RECOMMENDATIONS: the same title
be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact _____

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) University of AK 4/11/91

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	✓	<i>Mark Stanley</i>		✓	
<i>[Signature]</i>	✓				
<i>J. C. Douglas</i>	✓				
<i>Betty Davis</i>	✓				
<i>Cheri Davis</i>	✓				

[Signature]
CHAIRMAN'S SIGNATURE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No. 1

Bill Version: SB 232

(S) Publish Date: 4/12/91

Revision Date: _____

Department Affected: _____

Title: University of Alaska
Revenue Bonds

BRU: University of Alaska Fairbanks

Component: UAF/Fairbanks Campus

Sponsor: Senator Steven Frank

Requestor: _____

COMPONENT SERIAL NO.

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE						
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Changes in CS SB 232 (YES)
have no fiscal impact. This
fiscal note is appropriate.

12/20/91 date MLR Comite Aide (initial)

Prepared By: Jim Lynch, Controller

Phone: 907-474-7711

Division: University of Alaska

Date: 04/11/91

Approved by Commissioner: _____

Agency: University of Alaska

Date: 04/11/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).