

SB

179

SFIN

FILE

SENATE FINANCE
COMMITTEE

Amendment Number: 1

Bill Number: CSSB 179

Sponsor: Adams Date: 2/11/98

Logged In By: Belloni
BY SENATOR ADAMS

*moved Sen Adams
Sen Douglas objection.
w/ draws by Sen Adams*

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSSB 179(), Draft "P" version

1 Page 1, line 5, following "Center,":

2 Insert "giving notice of and approving a lease-purchase agreement with the North
3 Slope Borough for the construction and operation of a correctional facility in Barrow,"

4 Page 3, following line 5:

5 Insert a new subsection to read:

6 "(c) To provide for the construction and operation of a correctional facility in order
7 to relieve overcrowding of existing correctional facilities, the Department of Administration,
8 on behalf of the Department of Corrections, may enter into a lease-purchase agreement with
9 the North Slope Borough under AS 33.30.031 for the construction and operation of a
10 correctional facility in Barrow that will house persons who are committed to the custody of
11 the commissioner of corrections. The project approval given by this subsection is subject to
12 the following limitations:

13 (1) the total construction and related costs of the correctional facility may not
14 exceed \$40,600,000;

15 (2) the total lease payments for the full term of the agreement may not exceed
16 \$77,100,000, and the anticipated annual amount of the rental obligation to be paid by the
17 Department of Corrections under the lease may not exceed \$4,100,000;

18 (3) at the end of the term of the lease-purchase agreement, the state shall own
19 the correctional facility; and

20 (4) the correctional facility must be designed and constructed so as to provide
21 at least 100 beds."

22 Renumber the following subsections accordingly.

- 1 Page 3, line 22:
- 2 Delete "(a) - (c)"
- 3 Insert "(a) - (d)"

0-LS0851\Q
Luckhaupt
2/10/98

*Sen.
moved by Jackson
objct Sen Adams
w/ draw
adopted*

CS FOR SENATE BILL NO. 179()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act giving notice of and approving a lease-purchase agreement with the
2 Matanuska-Susitna Borough for the construction and operation of an addition to
3 the Palmer Correctional Center, giving notice of and approving an agreement with
4 the City of Seward for the construction and operation of an addition to the
5 Spring Creek Correctional Center, and giving notice of and approving an
6 agreement with the Municipality of Anchorage for the construction and operation
7 of a jail facility in the Municipality of Anchorage, and setting conditions and
8 limitations on the construction and operation of the facilities; and authorizing the
9 Department of Corrections, for the benefit of the state, to enter into an
10 agreement to use space within a correctional facility in the Matanuska-Susitna
11 Borough that is built, owned, and operated by a private contractor on state land
12 near the Palmer Correctional Center, and setting conditions on the operation of

1 the correctional facility affected by the use agreement."

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

3 * Section 1. NOTICE AND APPROVAL OF LEASE-PURCHASE AGREEMENTS. (a)

4 To provide for the construction and operation of a correctional facility in order to relieve
5 overcrowding of existing correctional facilities, the Department of Administration, on behalf
6 of the Department of Corrections, may enter into a lease-purchase agreement with the City of
7 Seward under AS 33.30.031 for the construction and operation of an addition to the Spring
8 Creek Correctional Center that will house persons who are committed to the custody of the
9 commissioner of corrections. The project approval given by this subsection is subject to the
10 following limitations:

11 (1) the total construction and related costs of the addition to the correctional
12 facility may not exceed \$25,000,000;

13 (2) the total lease payments for the full term of the agreement may not exceed
14 \$47,200,000, and the anticipated annual amount of the rental obligation to be paid by the
15 Department of Corrections under the lease may not exceed \$2,577,100;

16 (3) at the end of the term of the lease-purchase agreement, the state shall own
17 the correctional facility; and

18 (4) the addition must be designed and constructed so as to provide at least 250
19 additional beds to Spring Creek Correctional Center.

20 (b) To provide for the construction and operation of a correctional facility in order to
21 relieve overcrowding of existing correctional facilities, the Department of Administration, on
22 behalf of the Department of Corrections, may enter into a lease-purchase agreement with the
23 Matanuska-Susitna Borough under AS 33.30.031 for the construction and operation of an
24 addition to the Palmer Correctional Center that will house persons who are committed to the
25 custody of the commissioner of corrections. The project approval given by this subsection is
26 subject to the following limitations:

27 (1) the total construction and related costs of the addition to the correctional
28 facility may not exceed \$13,500,000;

29 (2) the total lease payments for the full term of the agreement may not exceed
30 \$25,500,000, and the anticipated annual amount of the rental obligation to be paid by the

1 Department of Corrections under the lease may not exceed \$1,416,000;

2 (3) at the end of the term of the lease-purchase agreement, the state shall own
3 the correctional facility; and

4 (4) the addition must be designed and constructed so as to provide at least 221
5 additional beds to Palmer Correctional Center.

6 (c) To provide for a replacement jail facility in the Municipality of Anchorage in order
7 to relieve overcrowding of existing correctional facilities, the state, acting through the
8 Department of Administration and on behalf of the Department of Corrections, may enter into
9 a lease-purchase agreement with the Municipality of Anchorage under AS 33.30.031 to enable
10 the Municipality of Anchorage to finance and build a replacement jail facility that will house
11 persons who are committed to the custody of the commissioner of corrections. The project
12 approval given by this subsection is subject to the following limitations:

13 (1) the Municipality of Anchorage must provide for a site selection process that
14 includes meaningful opportunity for public input for determining the location of the facility;

15 (2) the replacement facility must be designed and constructed to provide at
16 least 350 beds but not more than 400 beds;

17 (3) to limit costs for transporting prisoners from Anchorage, the location
18 selected for the replacement jail facility must be located within one mile of the courthouse in
19 Anchorage or within one mile of the Cook Inlet Pretrial Facility;

20 (4) the total construction and related costs of the replacement facility may not
21 exceed \$60,000,000;

22 (5) the total lease payments for the full term of the agreement may not exceed
23 \$105,000,000, and the anticipated annual amount of the rental obligation to be paid by the
24 state under the lease may not exceed \$6,010,000; and

25 (6) at the end of the term of the lease-purchase agreement, the state shall own
26 the correctional facility.

27 (d) Subsections (a) - (c) of this section constitute the notices and approvals required
28 by AS 36.30.085.

29 * **Sec. 2. AUTHORIZATION FOR AGREEMENT FOR STATE USE OF**
30 **CORRECTIONAL FACILITY SPACE TO BE OWNED AND OPERATED BY THIRD-**
31 **PARTY CONTRACTOR IN THE MATANUSKA-SUSITNA BOROUGH. (a) To relieve**

1 overcrowding of existing correctional facilities, the Department of Corrections may enter into
2 an agreement for use of space within a correctional facility in the Matanuska-Susitna Borough
3 that will house persons who are committed to the custody of the commissioner of corrections.
4 The agreement for use entered into under this section is predicated upon and must provide for
5 an agreement under which a private third-party contractor, who has been selected by the
6 solicitation of competitive bids under AS 36.30, builds, owns, and operates the facility by
7 providing for custody, care, and discipline services for persons held by the commissioner of
8 corrections under authority of state law.

9 (b) The authorization given by (a) of this section is subject to the conditions of (c)
10 and (d) of this section and to the further limitation that the total payments related to the
11 capital cost of the facility for the full term of the agreement for use, which shall be not less
12 than 15 years nor more than 25 years, may not exceed \$60,000,000 and the anticipated annual
13 amount of the payment by the Department of Corrections under the agreement for use must
14 be reasonably commensurate with that total.

15 (c) An agreement for use of space authorized by (a) of this section may not involve
16 a correctional facility that

17 (1) contains a total population of less than 700 prisoners; or

18 (2) is to be operated by the state or a municipality except that the state or a
19 municipality may operate the correctional facility temporarily if, in a correctional facility that
20 is to be operated by a third-party contractor with whom the state or municipality has entered
21 into an agreement to operate the correctional facility, the private third-party contractor with
22 whom the state or municipality has entered into the agreement to operate the correctional
23 facility defaults in performance under the contract and operation of the correctional facility
24 by the state or the municipality is reasonably necessary to ensure the facility's continued
25 operation.

26 (d) In the award of a contract for the operation of the correctional facility to be
27 operated under the authorization set out in (a) of this section, the Department of Corrections
28 shall require that persons employed by the contractor as correctional officers in the facility
29 meet the requirements of AS 18.65.130 - 18.65.290 that are applicable to correctional officers.

30 * Sec. 3. Notwithstanding another provision of law, the commissioner of natural resources
31 may enter into a long-term lease of land owned by the state near the Palmer Correctional

- 1 Facility as is necessary to fulfill the purposes stated in sec. 2 of this Act.

Revision Date: _____ Dept. Affected: Revenue
 Title: Mat-Su and Seward Prisons BRU: Revenue Operations
 Component: Treasury
 Sponsor: (S) FIN
 Requestor: (S) FIN COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS-Lease Payments		12,500.0	12,500.0	12,500.0	12,500.0	12,500.0
TOTAL OPERATING	0.0	12,500.0	12,500.0	12,500.0	12,500.0	12,500.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1032 Federal Receipts						
1003 GF Match						
1004 GF	0.0	12,500.0	12,500.0	12,500.0	12,500.0	12,500.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	12,500.0	12,500.0	12,500.0	12,500.0	12,500.0

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Authorizes approximately \$121 million of capital costs to construct correctional facilities in the Mat-Su Borough and in Seward, to be built, owned and operated by a private contractor. The maximum lease payments are \$250 million or \$12.5 million per year, assuming a twenty-year lease term. There is no provision for State ownership at the end of the lease term when the related debt has been paid off. The estimated lease payments are reflected above and on the attached Page 3-4.

The Department of Revenue has a number of recommendations to save tens of millions of dollars on the proposed lease by converting from taxable financing to a tax-exempt, lease purchase financing transaction with State ownership of the properties at the end of the twenty-year lease term. See attached Page 2.

Prepared by: Forrest R. Browne
 Division: Treasury Division
 Approved by Commissioner: Wilson L. Condon *Forrest R. Browne*
 Agency: Revenue

Phone: 465-3750
 Date: April 25, 1997
 Date: April 25, 1997

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**DEPARTMENT OF REVENUE
RECOMMENDATIONS
SB 179**

The proposed bill's financing structure is not based on sound principles of public finance. It anticipates that a private contractor will use the State's credit to arrange long-term, taxable financing and will payoff this long-term debt from the State's lease payments. The private contractor would then own the correctional facilities at the end of the lease term, free of indebtedness.

The Department of Revenue recommends that the financing of the proposed correctional facilities be "unbundled" from the construction and operation of the facilities. That is, the State Bond Committee would arrange the financing through the sale of tax-exempt Certificates of Participation, and the State would pay cash to the private contractor upon completion of construction. The Department of Corrections would enter into an operating agreement with the private contractor as envisioned in the bill. This recommended structure will allow privatization of the essential elements of design, construction and operation of the correctional facilities while allowing the State to realize interest cost savings of \$40-60 million and to own the facilities at the end of twenty years. Following is a brief explanation of how this would be accomplished.

Assuming total capital costs of \$121.0 million, taxable financing provided by a private contractor would require annual lease payments of \$12.5 million or \$250.0 million over twenty years at current interest rates. (See attached Pages 3-4.)

Assuming total capital costs of \$121.0 million, tax-exempt financing provided through the State Bond Committee would require annual lease payments of \$10.4 million or \$207.4 million over twenty years at current interest rates. (See attached Pages 5-6.) This is a savings of \$42.6 million in interest expense to the State.

Additionally, if the State arranges its financing directly in the national financial markets, the State may refinance the outstanding debt periodically when interest rates are favorable. Our experience with refinancing other State debt suggests that interest cost savings of eight to ten percent from refinancing long-term debt can be projected. Assuming \$121 million of debt, cost savings \$10-12 million could reasonably be expected over twenty years through refinancing. If the facilities are financed through a private contractor, that contractor will simply get to pocket the savings from refinancings.

To summarize, cost savings from "unbundling" the financing from the design, construction and operation of the proposed correctional facilities would be as follows:

- | | |
|---|----------------|
| 1. Tax-exempt interest savings over twenty years: | \$42.6 million |
| 2. Interest savings from periodic refinancing: | 10.0 million |
| 3. State ownership of the facilities at the end of twenty years (50% of original cost): | 60.5 million |

Total Estimated Cost Savings: \$113.1 million

Sizing Debt Services Schedule

Taxable

1

Dated: 2/1/98
Delivered: 2/1/98

PRIVATE PRISON

Fiscal Yr	Coupon MYY	Zer Date	Cpn Cpn Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	DebtSvcRsv Int&Prin	CntgncyFnd Int&Prin	NetSemi-AnnlDbtSvc	Net Fiscal Dbt Svc
2 99	8/1/98				4,862,654.00	4,862,654.00				4,862,654.00	
8 99	2/1/99	N	6.350	2,775,000.00	4,862,654.00	7,637,654.00				7,637,654.00	12,500,308.00
1 2 0	8/1/99				4,774,547.75	4,774,547.75				4,774,547.75	
8 0	2/1/00	N	6.780	2,950,000.00	4,774,547.75	7,724,547.75				7,724,547.75	12,499,095.50
2 2 1	8/1/00				4,674,542.75	4,674,542.75				4,674,542.75	
8 1	2/1/01	N	7.280	3,150,000.00	4,674,542.75	7,824,542.75				7,824,542.75	12,499,085.50
3 2 2	8/1/01				4,559,882.75	4,559,882.75				4,559,882.75	
8 2	2/1/02	N	7.380	3,380,000.00	4,559,882.75	7,939,882.75				7,939,882.75	12,499,765.50
4 2 3	8/1/02				4,435,160.75	4,435,160.75				4,435,160.75	
8 3	2/1/03	N	7.460	3,630,000.00	4,435,160.75	8,065,160.75				8,065,160.75	12,500,321.50
5 2 4	8/1/03				4,299,761.75	4,299,761.75				4,299,761.75	
8 4	2/1/04	N	7.560	3,900,000.00	4,299,761.75	8,199,761.75				8,199,761.75	12,499,523.50
6 2 5	8/1/04				4,152,341.75	4,152,341.75				4,152,341.75	
8 5	2/1/05	N	7.660	4,195,000.00	4,152,341.75	8,347,341.75				8,347,341.75	12,499,683.50
7 2 6	8/1/05				3,991,673.25	3,991,673.25				3,991,673.25	
8 6	2/1/06	N	7.750	4,515,000.00	3,991,673.25	8,506,673.25				8,506,673.25	12,498,346.50
8 2 7	8/1/06				3,816,717.00	3,816,717.00				3,816,717.00	
8 7	2/1/07	N	7.760	4,865,000.00	3,816,717.00	8,681,717.00				8,681,717.00	12,498,434.00
9 2 8	8/1/07				3,627,955.00	3,627,955.00				3,627,955.00	
8 8	2/1/08	N	7.860	5,245,000.00	3,627,955.00	8,872,955.00				8,872,955.00	12,500,910.00
10 2 9	8/1/08				3,421,826.50	3,421,826.50				3,421,826.50	
8 9	2/1/09	N	7.960	5,655,000.00	3,421,826.50	9,076,826.50				9,076,826.50	12,498,653.00
11 2 10	8/1/09				3,196,757.50	3,196,757.50				3,196,757.50	
8 10	2/1/10	N	8.060	6,105,000.00	3,196,757.50	9,301,757.50				9,301,757.50	12,498,515.00
12 2 11	8/1/10				2,950,726.00	2,950,726.00				2,950,726.00	
8 11	2/1/11	N	8.150	6,600,000.00	2,950,726.00	9,550,726.00				9,550,726.00	12,501,452.00
13 2 12	8/1/11				2,681,776.00	2,681,776.00				2,681,776.00	
8 12	2/1/12	N	8.200	7,140,000.00	2,681,776.00	9,821,776.00				9,821,776.00	12,503,552.00
14 2 13	8/1/12				2,389,036.00	2,389,036.00				2,389,036.00	
8 13	2/1/13	N	8.250	7,725,000.00	2,389,036.00	10,114,036.00				10,114,036.00	12,503,072.00
15 2 14	8/1/13				2,070,379.75	2,070,379.75				2,070,379.75	
8 14	2/1/14	N	8.250	8,360,000.00	2,070,379.75	10,430,379.75				10,430,379.75	12,500,759.50
16 2 15	8/1/14				1,725,529.75	1,725,529.75				1,725,529.75	
8 15	2/1/15	N	8.300	9,050,000.00	1,725,529.75	10,775,529.75				10,775,529.75	12,501,059.50
17 2 16	8/1/15				1,349,954.75	1,349,954.75				1,349,954.75	
8 16	2/1/16	N	8.400	9,800,000.00	1,349,954.75	11,149,954.75				11,149,954.75	12,499,909.50
18 2 17	8/1/16				938,354.75	938,354.75				938,354.75	
8 17	2/1/17	N	8.450	10,625,000.00	938,354.75	11,563,354.75				11,563,354.75	12,501,709.50
19 2 18	8/1/17				489,448.50	489,448.50				489,448.50	
8 18	2/1/18	N	8.490	11,530,000.00	489,448.50	12,019,448.50				12,019,448.50	12,508,897.00

Prepared by: FORREST BROWNE, DOR - TREASURY
Prepared on: 4/21/97 18:32 8.20 Rpt 14
Record ID: PRIVPRIS-1998-AA :MUNIDB

Sizing Debt Services Schedule

Dated: 2/1/98
 Delivered: 2/1/98

(Taxable)

PRIVATE PRISON

Fiscal Yr	Coupon MYY	Zer Date	Cpn Rate	Cpn	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	DebtSvcRsv Int&Prn	CntgncyFnd Int&Prn	NetSemi-AnnlDbtSvc	Net Fiscal Dbt Svc
					121.185 030 00	128.818 052 50	250.013 052 50				250.013 052 50	250.013.052 50

True Interest Cost (TIC).....8.1688037
 Net Interest Cost (NIC).....8.2128181
 Arbitrage Yield Limit (AYL).....8.1688037
 Arbitrage Net Interest Cost (ANIC)..... 8.2128181

Prepared by: FORREST BROWNE, DOR - TREASURY
 Prepared on: 4/21/97 18:32 8.20 Rpt 14
 Record ID: PRIVPRIS-1998-AA :MUNIDB

Sizing Debt Services Schedule

Dated: 2/1/98
 Delivered: 2/1/98

PRIVATE PRISON

Tax-Exempt ¹

Fiscal Yr	Coupon MYY	Zer Date	Cpn Rate	Maturing Cpn Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	DebtSvcRsv Int&Prin	CntgncyFnd Int&Prin	NetSemi-AnnlDbtSvc	Net Fiscal Dbt Svc
2	99	8/1/98			3,399,093.75	3,399,093.75				3,399,093.75	
8	99	2/1/99	N	4.300 3,570,000.00	3,399,093.75	6,969,093.75				6,969,093.75	10,368,187.50
1	2	0	8/1/99		3,322,338.75	3,322,338.75				3,322,338.75	
8	0	2/1/00	N	4.550 3,725,000.00	3,322,338.75	7,047,338.75				7,047,338.75	10,369,677.50
2	2	1	8/1/00		3,237,595.00	3,237,595.00				3,237,595.00	
8	1	2/1/01	N	4.750 3,895,000.00	3,237,595.00	7,132,595.00				7,132,595.00	10,370,190.00
3	2	2	8/1/01		3,145,088.75	3,145,088.75				3,145,088.75	
8	2	2/1/02	N	5.050 4,080,000.00	3,145,088.75	7,225,088.75				7,225,088.75	10,370,177.50
4	2	3	8/1/02		3,042,068.75	3,042,068.75				3,042,068.75	
8	3	2/1/03	N	5.150 4,285,000.00	3,042,068.75	7,327,068.75				7,327,068.75	10,369,137.50
5	2	4	8/1/03		2,931,730.00	2,931,730.00				2,931,730.00	
8	4	2/1/04	N	5.250 4,505,000.00	2,931,730.00	7,436,730.00				7,436,730.00	10,368,460.00
6	2	5	8/1/04		2,813,473.75	2,813,473.75				2,813,473.75	
8	5	2/1/05	N	5.350 4,745,000.00	2,813,473.75	7,558,473.75				7,558,473.75	10,371,947.50
7	2	6	8/1/05		2,686,545.00	2,686,545.00				2,686,545.00	
8	6	2/1/06	N	5.450 4,995,000.00	2,686,545.00	7,681,545.00				7,681,545.00	10,368,090.00
8	2	7	8/1/06		2,550,431.25	2,550,431.25				2,550,431.25	
8	7	2/1/07	N	5.550 5,270,000.00	2,550,431.25	7,820,431.25				7,820,431.25	10,370,862.50
9	2	8	8/1/07		2,404,188.75	2,404,188.75				2,404,188.75	
8	8	2/1/08	N	5.550 5,560,000.00	2,404,188.75	7,964,188.75				7,964,188.75	10,368,377.50
10	2	9	8/1/08		2,249,898.75	2,249,898.75				2,249,898.75	
8	9	2/1/09	N	5.650 5,870,000.00	2,249,898.75	8,119,898.75				8,119,898.75	10,369,797.50
11	2	10	8/1/09		2,084,071.25	2,084,071.25				2,084,071.25	
8	10	2/1/10	N	5.700 6,200,000.00	2,084,071.25	8,284,071.25				8,284,071.25	10,368,142.50
12	2	11	8/1/10		1,907,371.25	1,907,371.25				1,907,371.25	
8	11	2/1/11	N	5.700 6,555,000.00	1,907,371.25	8,462,371.25				8,462,371.25	10,369,742.50
13	2	12	8/1/11		1,720,553.75	1,720,553.75				1,720,553.75	
8	12	2/1/12	N	5.750 6,930,000.00	1,720,553.75	8,650,553.75				8,650,553.75	10,371,107.50
14	2	13	8/1/12		1,521,316.25	1,521,316.25				1,521,316.25	
8	13	2/1/13	N	5.850 7,330,000.00	1,521,316.25	8,851,316.25				8,851,316.25	10,372,632.50
15	2	14	8/1/13		1,306,913.75	1,306,913.75				1,306,913.75	
8	14	2/1/14	N	5.900 7,755,000.00	1,306,913.75	9,061,913.75				9,061,913.75	10,368,827.50
16	2	15	8/1/14		1,078,141.25	1,078,141.25				1,078,141.25	
8	15	2/1/15	N	5.950 8,215,000.00	1,078,141.25	9,293,141.25				9,293,141.25	10,371,282.50
17	2	16	8/1/15		833,745.00	833,745.00				833,745.00	
8	16	2/1/16	N	6.000 8,705,000.00	833,745.00	9,538,745.00				9,538,745.00	10,372,490.00
18	2	17	8/1/16		572,595.00	572,595.00				572,595.00	
8	17	2/1/17	N	6.000 9,225,000.00	572,595.00	9,797,595.00				9,797,595.00	10,370,190.00
19	2	18	8/1/17		295,845.00	295,845.00				295,845.00	
8	18	2/1/18	N	6.050 9,780,000.00	295,845.00	10,075,845.00				10,075,845.00	10,371,690.00

Prepared by: FORREST BROWNE, DOR - TREASURY
 Prepared on: 4/21/97 18:53 & 20 Rpt 14
 Record ID: PRIVPRIS-1998-AC :MUNIDB

Sizing Debt Services Schedule

Dated: 2/1/98
 Delivered: 2/1/98

PRIVATE PRISON

Tax-Exempt

Fiscal Yr	Coupon MYY	Zer Date	Cpn Rate	Maturity Cpn Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	C-p Int	DebtSvcRsv Int&Prin	ContingencyFnd Int&Prin	NetSemi-AnnlDbtSvc	Net Fiscal Dbt Svc
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				121 195 030 00	86 206 010 00	207 401 010 00				207 401 010 00	207 401 010 00
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True Interest Cost (TIC).....	5.7695405
Net Interest Cost (NIC).....	5.8006655
Arbitrage Yield Limit (AYL).....	5.7695405
Arbitrage Net Interest Cost (ANIC).....	5.8006655

Prepared by:	FORREST BROWNE, DOR - TREASURY
Prepared on:	4/21/97 18:53 8.20 Rpt 14
Record ID:	PRIVPRIS-1998-AC :MUNIDB

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. SB 179

Revision Date: _____ Dept. Affected: Corrections
 Title: "An Act authorizing the Department of Corrections BRU: ALL
for the benefit of the State, to enter into an agreement to use space... Component: ALL
 Sponsor: Senate Finance Committee
 Requester: Senate Finance Committee COMPONENT SERIAL NO. #0694

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	421.0	421.0	2,536.5	2,536.5	2,536.5	2,536.5
TRAVEL	20.0	20.0	150.0	20.0	20.0	20.0
CONTRACTUAL	690.6	690.6	37,990.2	37,952.6	37,952.6	37,952.6
SUPPLIES	2.0	2.0	20.0	20.0	20.0	20.0
EQUIPMENT	5.0	5.0	38.6	38.6	38.6	38.6
LAND & STRUCTURES						
GRANTS, CLAIMS			876.0	876.0	876.0	876.0
MISCELLANEOUS						
TOTAL OPERATING	1,138.6	1,138.6	41,611.3	41,443.7	41,443.7	41,443.7

CAPITAL EXPENDITURES	8,546.7					
-----------------------------	---------	--	--	--	--	--

CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF	9,685.3	1,138.6	40,611.3	40,443.7	40,443.7	40,443.7
1005 GF/Program Receipts						
1037 GF/Mental Health			1,000.0	1,000.0	1,000.0	1,000.0
Other						
TOTAL	9,685.3	1,138.6	41,611.3	41,443.7	41,443.7	41,443.7

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

POSITIONS	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
FULL-TIME	7	7	53	53	53	53
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Please see attached analysis.

Prepared by: Bruce Richards Phone: 465-3307
 Division: Commissioner's Office Date: 4/19/97
 Approved by: Commissioner Margaret M. Pugh Date: 4/19/97
 Agency: Department of Corrections

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Preface: Because of the short amount of time available to analyze the budgetary implications of this legislation, many of the estimates contained in this fiscal note may have to be modified. The Department has made every attempt, however, to give the best estimate based on the information at hand.

Assumptions

1. The Department assumes the \$85 per day cost of beds mentioned in the press release accompanying this legislation is accurate.

$\$85 \times 1,200 \text{ prisoners} \times 365 \text{ days} = \$37,230.0$ annually

2. Assuming the 700-bed facility in the Mat-Su Valley would serve as an overflow pretrial facility for Anchorage, will result in substantially increased transportation costs.

\$391.0 (four new prisoner transportation officers, vehicles, radios and other necessary equipment)

3. It is assumed that the Department would be required to let a Professional Services Contract to draft the operational standards, financial and legal requirements necessary for State oversight of the two facilities.

\$500.0

4. It is assumed this legislation would require closing the Sixth Avenue Jail in Anchorage. Three labor contracts are in force at this facility, and each would require completion of separate feasibility studies in advance of closing the jail.

\$150.0

5. RSA to the Department of Administration for the following services:

(A) Assist in development, advertisement, evaluation and award of one or more RFPs which will result in a professional services contract or contracts for the development of operational and performance criteria that can be applied to a long-term lease solicitation and subsequent agreement for use of a correctional facility in the Mat-Su Borough.

(B) In FY 98 and FY 99, one half-time Contracting Officer will assist the Department in the preparation, advertisement, evaluation and award of an RFP which will, under the requirements of AS 36.30, result in an agreement (long-term lease) for correctional

facility services in the Mat-Su Borough.

\$ 32.6 Contracting Officer (annual)
5.0 travel

6. State oversight of the facilities would require the annual cost of adding the following staff positions to the Department's budget for the life of the contract:

Facilities Manager	\$68.7
Criminal Justice Planner	\$73.7
Clerk	\$34.1
Contract Manager	\$65.0
Internal Auditor	\$55.0
Classification Probation Officer	\$65.0
Staff support	\$30.0
RSA to Department of Law, half-time attorney position	<u>\$60.0</u>

Total \$451.0

7. This legislation states that the Department will ensure that all correctional officers in these private facilities are trained and certified under AS 18.65.130 (Alaska Police Standards Council). This fiscal note assumes that the cost of this training is reflected in the \$85 per day cost-of-care per prisoner that the Lessor would charge the State of Alaska.

8. This legislation would have major implications for future operation of the Cook Inlet Pretrial Facility once the private facilities are opened. It would require all functions currently taking place at Sixth Avenue to be shifted to Cook Inlet Pretrial. Under this scenario, Cook Inlet would:

- Intake (booking) and release all felons, male and female;
- intake and release all misdemeanants, male and female;
- serve the medical/clinic needs for all inmates and Anchorage-area Community Residential Center residents;
- intake all Title 47 (alcohol/mentally ill incapacitation 12-hour holds);
- provide classification and case management for all Community Residential Center placements; and
- provide mental services to all prisoners, male and female.

Such dramatic changes to Cook Inlet's operating mission would require substantial renovation and remodeling capital costs, including:

● Modification of intake area	\$2,998.1
● Modifications for court services	\$ 674.5
● Convert module to female mental health unit	\$1,000.0
● Medical/clinic	\$2,760.1
● Estimated contingencies and RSAs to DOT/PF	<u>\$1,114.0</u>
Total	\$8,546.7

Changes to Cook Inlet's operating mission would require the following additional annual operating costs:

● 3 clerical staff	\$ 102.3
● 4 Probation Officers	\$ 250.0
● 10 Correctional Officer II positions	\$ 532.0
● Education Coordinator	\$ 59.0
● Mental health staff, including psychiatrist, clinicians, nurses, psychiatric nursing ass'ts (GF)	<u>\$1,000.0</u>
Total	\$1,943.3

9. It is assumed that the increased prisoner population served by the two new facilities would result in an additional cost for contractual medical specialty care:

\$600.0

10. One-time transportation costs to return an estimated 250 prisoners to Alaska from the private facility where they are currently housed in Florence, Arizona:

\$130.0.

11. Reduced cost from ceasing operations at Sixth Avenue Jail:

<\$3,900.0>

12. Reduced cost through terminating contract with private facility in Arizona:

<\$6,400.0>

Revision Date: February 11, 1998 Dept. Affected: Revenue
 Title: Mat-Su and Seward Prisons BRU: Revenue Operations
 Component: Treasury
 Sponsor: (S) FIN
 Requestor: (S) FIN COMPONENT SERIAL NO. 121

Expenditures/Revenues:	(Thousands of Dollars)					
	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
DEBT SERVICE	2,955.0	11,400.0	15,000.0	15,000.0	15,000.0	15,000.0
TOTAL OPERATING	2,955.0	11,400.0	15,000.0	15,000.0	15,000.0	15,000.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF	2,955.0	11,400.0	15,000.0	15,000.0	15,000.0	15,000.0
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	2,955.0	11,400.0	15,000.0	15,000.0	15,000.0	15,000.0

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Authorizes lease/purchase financing of \$98.5 million for expansion of the Spring Creek Correctional and Palmer Correctional Facilities and for construction of a new Anchorage jail.

Authorizes lease financing of \$60.0 million for a Palmer Private Prison, to be owned and operated by a private contractor.

Department of Revenue's comments and a recommendation on the Palmer Private Prison are attached.

Debt Service/Lease payments (See attached schedule)

Prepared by: Forrest Browne
 Division: Treasury
 Approved by Commissioner: Wilson L. Condon
 Agency: Revenue

Phone: 465-3750
 Date: February 11, 1998
 Date: February 11, 1998

DRAFT

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Revision Date: 2/13/98 Dept. Affected: Revenue
 Title: Mat-Su and Seward Prisons BRU: Revenue Operations
 Component: Treasury
 Sponsor: (S) FIN
 Requestor: (S) FIN COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
DEBT SERVICE	4,173.0	14,908.0	18,505.0	18,503.0	18,500.0	18,500.0
TOTAL OPERATING	4,173.0	14,908.0	18,505.0	18,503.0	18,500.0	18,500.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	4,173.0	14,908.0	18,505.0	18,503.0	18,500.0	18,500.0
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	4,173.0	14,908.0	18,505.0	18,503.0	18,500.0	18,500.0

Estimate of any current year cost \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Authorizes lease/purchase financing of \$98.5 million for expansion of the Spring Creek Correctional and Palmer Correctional Facilities and for construction of a new Anchorage jail and \$40.6 for the North Slope Borough Correctional Facility in Barrow.

Authorizes lease financing of \$60.0 million for a Plamer Private Prison, to be owned and operated by a private contractor.

Department of Revenue's comments and a recommendation on the Palmer Private Prison are attached.

Debt Service/Lease payments (See attached schedule)

Prepared by: Ross A. Kinney
 Division: Treasury
 Approved by Commissioner: Wilson L. Condon
 Agency: Revenue

Phone: 465-4860

Date: February 13, 1998

Date: February 13, 1998

DRAFT

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Revision Date: _____ Dept. Affected: Revenue
 Title: Mat-Su and Seward Prisons BRU: Revenue Operations
 Component: Treasury
 Sponsor: (S) FIN
 Requestor: (S) FIN COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
DEBT SERVICE		12,500.0	12,500.0	12,500.0	12,500.0	12,500.0
TOTAL OPERATING	0.0	12,500.0	12,500.0	12,500.0	12,500.0	12,500.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF		12,500.0	12,500.0	12,500.0	12,500.0	12,500.0
1001 CBRF						
1048 University of AK receipts						
Other						
TOTAL	0.0	12,500.0	12,500.0	12,500.0	12,500.0	12,500.0

Estimate of any current year cost \$ 0.0

POSITIONS:

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Authorizes approximately \$135 million of capital costs to construct correctional facilities in the Mat-Su Borough and in Seward, to be built, owned and operated by a private contractor. The maximum lease payments are \$250 million or \$12.5 million per year, assuming a twenty-year lease term. There is no provision for State ownership at the end of the lease term when the related debt has been paid off. The estimated lease payments are reflected above and on the attached pages 3-4.

The Department of Revenue recommends "unbundling" the financing from the private construction and operation of the prisons to save the state tens of millions of dollars, see attached page 2.

Prepared by: Forrest Browne *Forrest Browne*
 Division: Treasury
 Approved by Commissioner: Wilson L. Condon *Wilson L. Condon*
 Agency: Revenue

Phone: 465-3750
 Date: January 14, 1998
 Date: January 14, 1998

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There are new fiscal notes but not the new version of bill. We will need updates from Corrections & Revenue.

*5
170*

**DEPARTMENT OF REVENUE'S
FINANCING RECOMMENDATIONS
SB 179**

The proposed bill's financing structure is not based on sound principles of public finance. It anticipates that a private contractor will use the State's credit to arrange long-term, taxable financing and will payoff this long-term debt from the State's lease payments. The private contractor would then own the correctional facilities at the end of the lease term, free of indebtedness.

The Department of Revenue recommends that the financing of the proposed correctional facilities be "unbundled" from the construction and operation of the facilities. That is, the State Bond Committee would arrange the financing through the sale of tax-exempt Certificates of Participation, and the State would pay cash to the private contractor upon completion of construction. The Department of Corrections would enter into an operating agreement with the private contractor as envisioned in the bill. This recommended structure will allow privatization of the essential elements of design, construction and operation of the correctional facilities while allowing the State to realize interest cost savings of \$30-42 million and to own the facilities at the end of twenty years. Following is a brief explanation of how this would be accomplished.

Assuming total capital costs of \$135.0 million, taxable financing provided by a private contractor would require annual lease payments of \$12.5 million or \$250.0 million over twenty years at current interest rates. (See attached Pages 3-4.)

Assuming total capital costs of \$135.0 million, tax-exempt financing provided through the State Bond Committee would require annual lease payments of \$11.0 million or \$220.4 million over twenty years at current interest rates. (See attached Pages 5-6.) This is a savings of \$29.6 million in interest expense to the State.

Additionally, if the State arranges its financing directly in the national financial markets, the State may refinance the outstanding debt periodically when interest rates are favorable. Our experience with refinancing other State debt suggests that interest cost savings of eight to ten percent from refinancing long-term debt can be projected. Assuming \$135 million of debt, cost savings \$11-13 million could reasonably be expected over twenty years through refinancing. If the facilities are financed through a private contractor, that contractor will simply get to pocket the savings from refinancings.

To summarize, cost savings from "unbundling" the financing from the design, construction and operation of the proposed correctional facilities would be as follows:

- | | |
|--|----------------|
| 1. Tax-exempt interest savings over twenty years: | \$29.6 million |
| 2. Interest savings from periodic refinancing: | 12.0 million |
| 3. State ownership of the prisons at the end of twenty years (50% of original cost): | 67.5 million |

Total Estimated Cost Savings from State Ownership and Financing: \$109.1 million

Sizing Debt Services Schedule

Taxable ¹

Dated: 2/1/99
Delivered: 2/1/99

PRIVATE PRISON

Fiscal Yr	Coupon MYY	Zer Cpn Date	Cpn Rate	Maturing Principal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	DebtSvcRsv Int&Prin	CntgncyFnd Int&Prin	NotSemi-AnnlDbtSvc	Net Fiscal Dbt Svc
2	0	8/1/99			4,557,600.00	4,557,600.00				4,557,600.00	
8	0	2/1/00	N	3,385,000.00	4,557,600.00	7,942,600.00				7,942,600.00	12,500,200.00
1	2	1	8/1/00		4,443,356.25	4,443,356.25				4,443,356.25	
8	1	2/1/01	N	3,615,000.00	4,443,356.25	6,058,356.25				8,058,356.25	12,501,712.50
2	2	2	8/1/01		4,321,350.00	4,321,350.00				4,321,350.00	
8	2	2/1/02	N	3,855,000.00	4,321,350.00	8,176,350.00				8,176,350.00	12,497,700.00
3	2	3	8/1/02		4,191,243.75	4,191,243.75				4,191,243.75	
8	3	2/1/03	N	4,120,000.00	4,191,243.75	8,311,243.75				8,311,243.75	12,502,487.50
4	2	4	8/1/03		4,052,193.75	4,052,193.75				4,052,193.75	
8	4	2/1/04	N	4,395,000.00	4,052,193.75	8,447,193.75				8,447,193.75	12,499,387.50
5	2	5	8/1/04		3,903,862.50	3,903,862.50				3,903,862.50	
8	5	2/1/05	N	4,690,000.00	3,903,862.50	8,593,862.50				8,593,862.50	12,497,725.00
6	2	6	8/1/05		3,745,575.00	3,745,575.00				3,745,575.00	
8	6	2/1/06	N	5,010,000.00	3,745,575.00	8,755,575.00				8,755,575.00	12,501,150.00
7	2	7	8/1/06		3,576,487.50	3,576,487.50				3,576,487.50	
8	7	2/1/07	N	5,345,000.00	3,576,487.50	8,921,487.50				8,921,487.50	12,497,975.00
8	2	8	8/1/07		3,396,093.75	3,396,093.75				3,396,093.75	
8	8	2/1/08	N	5,710,000.00	3,396,093.75	9,106,093.75				9,106,093.75	12,502,187.50
9	2	9	8/1/08		3,203,381.25	3,203,381.25				3,203,381.25	
8	9	2/1/09	N	6,095,000.00	3,203,381.25	9,298,381.25				9,298,381.25	12,501,762.50
10	2	10	8/1/09		2,997,675.00	2,997,675.00				2,997,675.00	
8	10	2/1/10	N	6,505,000.00	2,997,675.00	9,502,675.00				9,502,675.00	12,500,350.00
11	2	11	8/1/10		2,778,131.25	2,778,131.25				2,778,131.25	
8	11	2/1/11	N	6,945,000.00	2,778,131.25	9,723,131.25				9,723,131.25	12,501,262.50
12	2	12	8/1/11		2,543,737.50	2,543,737.50				2,543,737.50	
8	12	2/1/12	N	7,415,000.00	2,543,737.50	9,958,737.50				9,958,737.50	12,502,475.00
13	2	13	8/1/12		2,293,481.25	2,293,481.25				2,293,481.25	
8	13	2/1/13	N	7,915,000.00	2,293,481.25	10,208,481.25				10,208,481.25	12,501,962.50
14	2	14	8/1/13		2,026,350.00	2,026,350.00				2,026,350.00	
8	14	2/1/14	N	8,445,000.00	2,026,350.00	10,471,350.00				10,471,350.00	12,497,700.00
15	2	15	8/1/14		1,741,331.25	1,741,331.25				1,741,331.25	
8	15	2/1/15	N	9,015,000.00	1,741,331.25	10,756,331.25				10,756,331.25	12,497,662.50
16	2	16	8/1/15		1,437,075.00	1,437,075.00				1,437,075.00	
8	16	2/1/16	N	9,625,000.00	1,437,075.00	11,062,075.00				11,062,075.00	12,499,150.00
17	2	17	8/1/16		1,112,231.25	1,112,231.25				1,112,231.25	
8	17	2/1/17	N	10,275,000.00	1,112,231.25	11,387,231.25				11,387,231.25	12,499,462.50
18	2	18	8/1/17		765,450.00	765,450.00				765,450.00	
8	18	2/1/18	N	10,970,000.00	765,450.00	11,735,450.00				11,735,450.00	12,500,900.00
19	2	19	8/1/18		395,212.50	395,212.50				395,212.50	
8	19	2/1/19	N	11,710,000.00	395,212.50	12,105,212.50				12,105,212.50	12,500,425.00

Prepared by: FORREST BROWNE, DOR - TREASURY
 Preparation: 1/13/98 15:48 8.20 Rpt 14
 Record ID: PRIVPRIS-1998-A2 :MUNIDB

Sizing Debt Services Schedule

Dated: 2/1/99
 Delivered: 2/1/99

PRIVATE PRISON

Fiscal Yr	Coupon M YY	Zer Date	Cpn Rate	Maturing Prncplal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	DebtSvrsv Int&Prin	CntgncyFnd Int&Prin	NetSemi-AnnlDbtSvc	Net Fiscal Dbt Svc
				135,040,000.00	114,963,637.50	250,003,637.50				250,003,637.50	250,003,637.50

<i>True Interest Cost (TIC)</i>	6.8514423
<i>Net Interest Cost (NIC)</i>	6.8134301
<i>Arbitrage Yield Limit (AYL)</i>	6.7500000
<i>Arbitrage Net Interest Cost (ANIC)</i>	6.7500000

Prepared by: FORREST BROWNE, DOR - TREASURY
 Prepared on: 1/13/98 15:48 8.20 Rpt 14
 Record ID: PRIVPRIS-1998-A2 :MUNIDB

Sizing D Services Schedule

Tax-Exempt ¹

Dated: 2/1/99
Delivered: 2/1/99

PRIVATE PRISON

Fiscal Yr	Coupon MYY	Zer Date	Cpn Rate	Maturing Principal	Periodic Interest	Gross Annl Dbt Svc	Semi- Dbt Svc	Cap Int	Debt Svc Rsv Int & Prin	Cntgncy Fnd Int & Prin	Net Semi- Annl Dbt Svc	Net Fiscal Dbt Svc
2 0	8/1/99				3,511,040.00	3,511,040.00					3,511,040.00	
8 0	2/1/00	N	5.200	4,000,000.00	3,511,040.00	7,511,040.00					7,511,040.00	11,022,080.00
1 2	1 8/1/00				3,407,040.00	3,407,040.00					3,407,040.00	
8 1	2/1/01	N	5.200	4,205,000.00	3,407,040.00	7,612,040.00					7,612,040.00	11,019,080.00
2 2	2 8/1/01				3,297,710.00	3,297,710.00					3,297,710.00	
8 2	2/1/02	N	5.200	4,425,000.00	3,297,710.00	7,722,710.00					7,722,710.00	11,020,420.00
3 2	3 8/1/02				3,182,660.00	3,182,660.00					3,182,660.00	
8 3	2/1/03	N	5.200	4,655,000.00	3,182,660.00	7,837,660.00					7,837,660.00	11,020,320.00
4 2	4 8/1/03				3,061,630.00	3,061,630.00					3,061,630.00	
8 4	2/1/04	N	5.200	4,895,000.00	3,061,630.00	7,956,630.00					7,956,630.00	11,018,260.00
5 2	5 8/1/04				2,934,360.00	2,934,360.00					2,934,360.00	
8 5	2/1/05	N	5.200	5,150,000.00	2,934,360.00	8,084,360.00					8,084,360.00	11,018,720.00
6 2	6 8/1/05				2,800,460.00	2,800,460.00					2,800,460.00	
8 6	2/1/06	N	5.200	5,420,000.00	2,800,460.00	8,220,460.00					8,220,460.00	11,020,920.00
7 2	7 8/1/06				2,659,540.00	2,659,540.00					2,659,540.00	
8 7	2/1/07	N	5.200	5,700,000.00	2,659,540.00	8,359,540.00					8,359,540.00	11,019,080.00
8 2	8 8/1/07				2,511,340.00	2,511,340.00					2,511,340.00	
8 8	2/1/08	N	5.200	6,000,000.00	2,511,340.00	8,511,340.00					8,511,340.00	11,022,680.00
9 2	9 8/1/08				2,355,340.00	2,355,340.00					2,355,340.00	
8 9	2/1/09	N	5.200	6,310,000.00	2,355,340.00	8,665,340.00					8,665,340.00	11,020,680.00
10 2	10 8/1/09				2,191,280.00	2,191,280.00					2,191,280.00	
8 10	2/1/10	N	5.200	6,640,000.00	2,191,280.00	8,831,280.00					8,831,280.00	11,022,560.00
11 2	11 8/1/10				2,018,640.00	2,018,640.00					2,018,640.00	
8 11	2/1/11	N	5.200	6,985,000.00	2,018,640.00	9,003,640.00					9,003,640.00	11,022,280.00
12 2	12 8/1/11				1,837,030.00	1,837,030.00					1,837,030.00	
8 12	2/1/12	N	5.200	7,345,000.00	1,837,030.00	9,182,030.00					9,182,030.00	11,019,060.00
13 2	13 8/1/12				1,646,060.00	1,646,060.00					1,646,060.00	
8 13	2/1/13	N	5.200	7,730,000.00	1,646,060.00	9,376,060.00					9,376,060.00	11,022,120.00
14 2	14 8/1/13				1,445,080.00	1,445,080.00					1,445,080.00	
8 14	2/1/14	N	5.200	8,130,000.00	1,445,080.00	9,575,080.00					9,575,080.00	11,020,160.00
15 2	15 8/1/14				1,233,700.00	1,233,700.00					1,233,700.00	
8 15	2/1/15	N	5.200	8,555,000.00	1,233,700.00	9,788,700.00					9,788,700.00	11,022,400.00
16 2	16 8/1/15				1,011,270.00	1,011,270.00					1,011,270.00	
8 16	2/1/16	N	5.200	9,000,000.00	1,011,270.00	10,011,270.00					10,011,270.00	11,022,540.00
17 2	17 8/1/16				777,270.00	777,270.00					777,270.00	
8 17	2/1/17	N	5.200	9,465,000.00	777,270.00	10,242,270.00					10,242,270.00	11,019,540.00
18 2	18 8/1/17				531,180.00	531,180.00					531,180.00	
8 18	2/1/18	N	5.200	9,960,000.00	531,180.00	10,491,180.00					10,491,180.00	11,022,360.00
19 2	19 8/1/18				272,220.00	272,220.00					272,220.00	
8 19	2/1/19	N	5.200	10,470,000.00	272,220.00	10,742,220.00					10,742,220.00	11,014,440.00

Prepared by: FORREST BROWNE, DOR - TREASURY
Prepared on: 1/13/98 16:10 8.20 Rpt 14
Record ID: PRIVPRIS-1998-A3 :MUNIDB

Sizing Debt Services Schedule

Dated: 2/1/99
 Delivered: 2/1/99

PRIVATE PRISON

Fiscal Yr	Coupon M YY	Zer Date	Cpn Rate	Maturing Prncplal	Periodic Interest	Gross Semi-Annl Dbt Svc	Cap Int	DebtSvcRsv Int&Prln	CntgncyFnd Int&Prln	NetSemi-AnnlDbtSvc	Net Fiscal Dbt Svc
				135,040,000.00	85,369,700.00	220,409,700.00				220,409,700.00	220,409,700.00

<i>True Interest Cost (TIC)</i>	5.2949208
<i>Net Interest Cost (NIC)</i>	5.2658040
<i>Arbitrage Yield Limit (AYL)</i>	5.2000000
<i>Arbitrage Net Interest Cost (ANIC)</i>	5.2000000

<i>Prepared by:</i>	FORREST BROWNE, DOR - TREASURY
<i>Prepared on:</i>	1/13/98 16:10 8.20 Rpt 14
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