

HB

281

HFIN

FILE

HOUSE COMMITTEE REPORT

Date Referred to Committee: January 10, 2000

FURTHER REFERRALS:

Date of Committee Action: 4/19/00

The FINANCE Committee considered:

HB 281

HOUSE BILL NO. 281

G.O. BONDS: SCHOOLS/UNIV/HARBORS/ADA

"An Act providing for the issuance of general obligation bonds in the amount of \$665,000,000 for the purposes of paying the cost of design, construction, and renovation of public elementary and secondary schools, renovation of state buildings, capital improvements at the University of Alaska, and capital improvements to state harbors; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 281 (Fin) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) Rev fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>	X			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	X			
<i>[Signature]</i>			X	
<i>[Signature]</i>				X
<i>[Signature]</i>	X			
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			X	
<i>[Signature]</i>	X			

CHAIR'S SIGNATURE *[Signature]* *[Signature]*

FISCAL NOTE

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. S HB 281 (FIN)

Revision Date/Time (Note if correction)		Dept. Affected	Revenue
Title	<u>Bonds: Public Schools/Univ/Harbors/Bldgs.</u>	BRU	Revenue Operations
		Component	Treasury Division
Sponsor	<u>House Finance Committee</u>		
Requester	<u>House Finance Committee</u>	Component Serial No.	<u>121</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel (Marketing & Selling Bonds Contractual)	50.0					
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service						
TOTAL OPERATING	50.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts						
1003 GF Match						
1004 GF	50.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	50.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY00) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

Authorizes sale of the state's portion of the \$246 billion national Master Settlement Agreement with cigarette manufacturers to the Alaska Housing Finance Corporation in exchange for the bond proceeds AHFC is able to generate at an investment-grade rating (less costs associated with issuing the bonds and funding of a debt service reserve).

It is anticipated that the state will be able to obtain approximately \$269 million in proceeds from the settlement. Debt service would be based on a 40-year nominal schedule with flexible amortization serial bonds that allow bonds to be paid as funds are received through the settlement. Assuming the first settlement payment available to AHFC for debt service will be received in FY 2002, the settlement will provide \$1.4 million annually for tobacco control, and the bonds will be fully repaid in FY 2020. The residual settlement revenue stream would revert to the state upon final payment of the bonds.

Prepared by Deven Mitchell, Debt Manager
 Division Treasury Division
 Approved by Wilson L. Condon
 Commissioner Department of Revenue
 Agency

Phone 465-3750
 Date/Time April 19, 2000
 Date April 19, 2000

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FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSHB281(FIN)

Revision Date/Time (Note if correction) _____	Dept. Affected _____	Revenue _____
Title <u>Bonds: Public Schools/Univ/Harbors/Bldgs.</u>	BRU	Alaska Housing Finance Corp.
Sponsor <u>House Finance Committee</u>	Component	Operations
Requester <u>House Finance Committee</u>	Component No.	110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	(8,536.7)	(17,073.3)	(18,268.3)	(18,281.2)	(19,041.6)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: _____

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 if necessary)

Under AS 18.56.089(2)(A), activities of AHFC that relate to the issuance of obligations and repayment of debt obligations are exempt from provisions of the Executive Budget Act. The costs are included in the bond authorizations in the bill, including cost of issuance, debt service reserves and capitalized interest. Bonds issued under this legislation will be paid from the proceeds of tobacco settlement funds purchased by AHFC or its subsidiary from the state. This will result in a reduction in unrestricted revenues to the treasury (shown above).

Estimates for debt service and other costs are included in the attached spreadsheet. These estimates are based on a number of assumptions, including future interest rates and bond ratings.

Operational costs for issuing and monitoring the bonds will be done with existing personnel and within the authorized operating budget for FY2001 and beyond. No authorizations are necessary with this fiscal note.

Prepared by: <u>John Bitney, Legislative Liaison</u>	Phone <u>330-8445</u>
Division <u>Alaska Housing Finance Corporation</u>	Date/Time <u>4/19/00 4:15 PM</u>
Approved by Commissioner <u>Wilson Condon</u>	Date <u>04/19/2000</u>
Agency <u>Department of Revenue</u>	

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

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BOND DEBT SERVICE REPORT

HB322

STATE Education Bonds, 2000 Series A
AMFC Tobacco Revenue Bonds

Date	Bond Debt Service			Redeemed Principal	Total Bond Payment	Bond Valuation				
	Maturing Principal	Interest Paid	Total Debt Serv			Bond Balance	Unpaid Interest	Accrued Bond-Value		
Dec 1, 2000	-	-	-	-	-	339,424,838	-	339,424,838.00		
Jun 1, 2001	-	8,536,654	8,536,653.50	-	8,536,653.50	339,424,838	-25,894,758	313,530,079.88		
Jun 1, 2002	-	17,073,307	17,073,307.00	-	17,073,307.00	339,424,838	-26,077,470	313,367,368.19		
Jun 1, 2003	-	17,073,307	17,073,307.00	-	17,073,307.00	339,424,838	-22,232,905	317,192,332.60		
Jun 1, 2004	1,195,000	17,073,307	18,268,307.00	-	18,268,307.00	338,229,838	-20,286,233	317,941,605.61		
Jun 1, 2005	1,265,000	17,018,186	18,283,186.00	-	18,283,186.00	336,964,838	-18,174,346	318,790,291.63		
Jun 1, 2006	1,315,000	16,934,343	18,249,363.00	792,200	19,041,563.00	334,857,638	-15,898,514	318,959,124.08		
Jun 1, 2007	1,375,000	16,763,923	18,068,922.75	3,297,745	21,366,667.75	330,236,593	-13,584,623	316,670,267.80		
Jun 1, 2008	8,005,033	16,518,862	24,523,895.25	3,653,297	28,177,192.25	318,596,563	-11,089,019	307,507,544.37		
Jun 1, 2009	7,425,743	16,044,658	23,470,400.50	11,264,402	34,734,802.50	299,906,418	-8,782,698	291,123,919.71		
Jun 1, 2010	7,024,780	15,323,998	22,348,777.50	12,821,504	35,170,281.50	280,060,134	-6,757,684	273,302,649.83		
Jun 1, 2011	6,498,836	14,906,889	21,005,724.50	14,453,995	35,459,719.50	259,107,303	-5,053,586	254,053,917.40		
Jun 1, 2012	6,102,273	13,593,025	19,695,297.50	16,272,088	35,967,385.50	236,732,942	-3,492,851	233,260,291.23		
Jun 1, 2013	5,677,393	12,570,933	18,248,326.25	17,993,205	36,241,531.25	213,062,344	-2,233,165	210,829,178.79		
Jun 1, 2014	5,219,481	11,437,388	16,657,068.50	19,769,157	36,426,225.50	188,073,706	-1,260,863	186,812,862.89		
Jun 1, 2015	4,689,980	10,182,352	14,822,331.50	21,701,904	36,524,235.50	161,731,822	-374,625	161,157,196.63		
Jun 1, 2016	4,067,755	8,790,356	12,858,110.75	23,853,558	36,711,668.75	133,810,709	-172,843	133,637,866.46		
Jun 1, 2017	3,334,331	7,253,529	10,567,859.50	26,446,378	37,014,237.50	106,030,000	-	106,030,000.00		
Jun 1, 2018	1,435,000	5,484,153	6,919,152.75	29,350,000	36,269,152.75	73,245,000	-	73,245,000.00		
Jun 1, 2019	1,065,000	3,820,173	4,885,173.25	22,280,000	27,165,173.25	49,900,000	-	49,900,000.00		
Jun 1, 2020	580,000	2,321,898	2,901,898.25	24,470,000	27,371,898.25	24,850,000	-	24,850,000.00		
Dec 1, 2020	-	767,984	767,563.75	24,850,000	25,617,563.75	-	-	-		
						66,153,605	249,067,021	315,222,626.00	273,269,233	588,491,859.00

**Note: The entire \$8.5 million debt service payment in FY 2001, and \$8.5 million of the FY 2002 debt service payment will be made from Capitalized Interest and will not result in lost earnings to the State's General Fund.

CS FOR HOUSE BILL NO. 281(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing of construction of public school facilities,
2 facilities for the University of Alaska, and facilities for ports and harbors;
3 authorizing the commissioner of revenue to sell the right to receive a portion of
4 the anticipated revenue from a certain tobacco litigation settlement to the Alaska
5 Housing Finance Corporation; relating to the deposit of certain anticipated revenue
6 from a certain tobacco litigation settlement; authorizing the issuance of bonds by
7 the Alaska Housing Finance Corporation with proceeds to finance public school
8 construction, facilities for the University of Alaska, and facilities for ports and
9 harbors; providing for the creation of subsidiary corporations of the Alaska
10 Housing Finance Corporation for the purpose of financing or facilitating the
11 financing of public school construction, facilities for the University of Alaska, and
12 facilities for ports and harbors; and providing for an effective date."

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

2 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
3 section to read:

4 **INTENT.** It is the intent of the legislature that the sale of a portion of the revenue
5 derived from tobacco settlement litigation described under sec. 3(a) of this Act result in
6 funding of \$1,400,000 annually for smoking education and cessation programs administered
7 by the state. It is also the intent of the legislature that tobacco settlement revenues that are
8 determined by the commissioner of revenue to be in excess of those needed to pay planned
9 debt service on tobacco bonds be deposited into the general fund.

10 * **Sec. 2.** AS 18.56 is amended by adding a new section to read:

11 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
12 subsidiary corporations for the purpose of financing or facilitating the financing of
13 school construction, facilities for the University of Alaska, or facilities for ports and
14 harbors. A subsidiary corporation created under this section may be incorporated
15 under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the
16 corporation to a subsidiary created under this section. A subsidiary created under this
17 section may borrow money and issue bonds as evidence of that borrowing and has all
18 the powers of the corporation that the corporation grants to it. Unless otherwise
19 provided by the corporation, the debts, liabilities, and obligations of a subsidiary
20 corporation created under this section are not the debts, liabilities, or obligations of the
21 corporation.

22 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
23 to read:

24 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
25 commissioner of revenue is authorized to sell to the Alaska Housing Finance Corporation the
26 right to receive all but \$1,400,000 annually of the revenue derived from the settlement of State
27 of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915CI (Alaska Super. 1997) up to
28 the amount needed to yield \$269,000,000 in proceeds from bonds sold at investment grade
29 rates. In this subsection, "investment grade rates" means a Moody's Investor Service rating
30 of Baa3 or better or a Standard and Poors and Fitch IBCA rating of BBB- or better.

1 (b) The proceeds of the sale of the right to receive revenue sold under (a) of this
2 section are anticipated to be \$269,000,000.

3 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 BOND AUTHORIZATION AND PROVISIONS. (a) Notwithstanding the limitation
6 in AS 18.56.090 or other provisions of law, the Alaska Housing Finance Corporation or a
7 subsidiary corporation created under AS 18.56.086 is authorized to issue revenue bonds in
8 principal amounts sufficient to acquire the right to receive revenue described in sec. 3 of this
9 Act from the commissioner of revenue at a price agreed upon by the Alaska Housing Finance
10 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
11 of the Alaska Housing Finance Corporation or of the subsidiary corporation secured solely by
12 the right to receive revenue sold to the Alaska Housing Finance Corporation under sec. 3 of
13 this Act, and the Alaska Housing Finance Corporation or the subsidiary corporation may
14 include in agreements with the bondholders a pledge of the right to receive that revenue and
15 the promise of the state to honor that pledge.

16 (b) Subject to agreements with bondholders and appropriation as described in (c) of
17 this section, the Alaska Housing Finance Corporation shall make the proceeds of the bonds
18 issued under (a) of this section available to the

19 (1) Department of Education and Early Development to pay for expenditures
20 described in (c)(1) of this section, including reimbursement to the Department of Education
21 and Early Development for the expenditures;

22 (2) University of Alaska to pay for expenditures described in (c)(2) of this
23 section, including reimbursement to the University of Alaska for the expenditures; and

24 (3) Department of Transportation and Public Facilities to pay for expenditures
25 described in (c)(3) of this section, including reimbursement to the Department of
26 Transportation and Public Facilities for the expenditures.

27 (c) Subject to appropriation and (d) of this section, the proceeds of bonds issued under
28 (a) of this section shall be used by the

29 (1) Department of Education and Early Development to pay for construction,
30 renovation, and improvement of public elementary and secondary schools as follows:

31 PROJECT

1	Petersburg - Fascia/Soffit Repair/Replacement	S 112,960
2	Kake City - Kake Elementary School Addition	2,237,460
3	Juneau Schools	
4	Auke Bay Elementary Roof Replacement	653,842
5	Marie Drake Roof Replacement	599,501
6	Harborview Elementary Gym Roof Replacement	106,604
7	High School Heating/Ventilation	65,303
8	High School Auxiliary Gym Floor Replacement	109,386
9	Floyd Dryden School Gym Floor	108,236
10	Gastineau Elementary Heating Coil Replacement	133,053
11	Floyd Dryden Middle School Renovation	3,629,683
12	Kodiak Island Schools	
13	Peterson Elementary Addition	756,000
14	Kodiak High School	1,106,875
15	Kenai/Soldotna Schools	
16	McNeil Elementary Wastewater Plant	225,300
17	Kenai Central High School Reinsulate Exterior Walls	367,648
18	Anchorage Schools	
19	Bartlett High School, Phase I	3,500,000
20	Eagle River/Chugiak High School	14,563,500
21	East High School, Phase I	7,295,400
22	Service High School, Phase I	4,998,000
23	Wendler Middle School, Phase I	4,231,500
24	Denali Elementary, Replacement	8,211,000
25	District Wide Projects/Major Maintenance	11,730,600
26	Matanuska-Susitna Schools	
27	Matanuska-Susitna - Fire Alarm System - Five Schools	620,648
28	Matanuska-Susitna - Colony High School Septic System	159,416
29	Matanuska-Susitna - Fuel Tank Replacement	126,261
30	Matanuska-Susitna - Fire Sprinklers and Piping (3)	1,381,770
31	Matanuska-Susitna - Boiler/Heater Replacement	221,051

1	- Four Schools	
2	Matanuska-Susitna - Carpet Replacement - six schools	423,507
3	Fairbanks North Star Borough Schools	
4	District Wide Projects/Major Maintenance	750,000
5	Lower Yukon - Pilot Station School Replacement	17,654,003
6	Lower Yukon - Kotlik School Replacement	17,910,901
7	Kashunamiut - Chevak School Replacement	28,272,551
8	Northwest Arctic Schools	
9	Ambler K-12 Improvements	924,586
10	Kiana K-12 Improvements	1,395,000
11	Bering Strait Schools	
12	Elim School, Phase III	12,146,788
13	Southwest Region Schools	
14	Manokotak School Replacement	14,689,464
15	Pribilof Island - St. George School Remodel	<u>4,385,970</u>
16	TOTAL	\$165,803,767
17	(2) University of Alaska to pay for construction and renovation of university	
18	facilities as follows:	
19	PROJECT	
20	University of Alaska - Southeast	
21	Deferred Maintenance, Renewal and Replacement,	\$1,687,854
22	Code Compliance	
23	University of Alaska - AVTEC Seward	
24	Student Housing	4,200,000
25	University of Alaska - Anchorage	
26	Consortium Library	36,000,000
27	Deferred Maintenance, Renewal and Replacement,	4,220,000
28	Code Compliance	
29	Matanuska-Susitna Ortner Building Replacement	685,000
30	University of Alaska - Fairbanks	
31	Deferred Maintenance, Renewal and Replacement,	25,199,054

Deleted
 1-5

1 Code Compliance

2 TOTAL

\$71,991,9083 (3) Department of Transportation and Public Facilities to pay for construction
4 and renovation of port and harbor facilities as follows:

5 PROJECT

6 Ketchikan

\$ 7,000,000

7 Petersburg

3,300,000

8 Juneau Area Harbors

9 Auke Bay Harbor

492,325

10 Douglas Dock/Harbor

1,241,421

11 Taku Harbor

38,566

12 Klawock

860,000

13 Seldovia

2,500,000

14 Whittier

1,835,600

15 Valdez

3,013,500

16 Cordova

4,337,800

17 Nome

1,000,000

18 CORPS OF ENGINEERS MATCH

19 Program Formulation

100,000

20 Ketchikan Harbor Study

200,000

21 Wrangell

500,000

22 Kake

404,000

23 Metlakatla - Tamgass

850,000

24 Ouzinkie

1,300,000

25 Seward Harbor Expansion

2,925,000

26 Perryville Harbor Feasibility

102,100

27 TOTAL

\$32,000,312

28 GRAND TOTAL

\$269,795,987

29 (d) Funds may not be expended for a port or harbor facility described in sec. 4(c)(3)
30 of this section unless

- 1 (1) the port or harbor facility is located in a municipality in which the port or
2 harbor facility is owned and operated by the municipality;
- 3 (2) ownership of the port or harbor facility that is being funded has been
4 transferred from the state to the municipality by a transfer agreement under AS 35.10.120; and
- 5 (3) the state completes a bill of sale transferring the port or harbor facility from
6 the state to the municipality.
- 7 * Sec. 5. This Act takes effect July 1, 2000.

Adopted 4/19/00

CS FOR HOUSE BILL NO. 281(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

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2 facilities for the University of Alaska, and facilities for ports and harbors;
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4 the anticipated revenue from a certain tobacco litigation settlement to the Alaska
5 Housing Finance Corporation; relating to the deposit of certain anticipated revenue
6 from a certain tobacco litigation settlement; authorizing the issuance of bonds by
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9 harbors; providing for the creation of subsidiary corporations of the Alaska
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7 by the state. It is also the intent of the legislature that tobacco settlement revenues that are
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16 corporation to a subsidiary created under this section. A subsidiary created under this
17 section may borrow money and issue bonds as evidence of that borrowing and has all
18 the powers of the corporation that the corporation grants to it. Unless otherwise
19 provided by the corporation, the debts, liabilities, and obligations of a subsidiary
20 corporation created under this section are not the debts, liabilities, or obligations of the
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29 rates. In this subsection, "investment grade rates" means a Moody's Investor Service rating
30 of Baa3 or better or a Standard and Poors and Fitch IBCA rating of BBB- or better.

1 (b) The proceeds of the sale of the right to receive revenue sold under (a) of this
2 section are anticipated to be \$269,000,000.

3 * Sec. 4. The uncodified law of the State of Alaska is amended by adding a new section
4 to read:

5 BOND AUTHORIZATION AND PROVISIONS. (a) Notwithstanding the limitation
6 in AS 18.56.090 or other provisions of law, the Alaska Housing Finance Corporation or a
7 subsidiary corporation created under AS 18.56.086 is authorized to issue revenue bonds in
8 principal amounts sufficient to acquire the right to receive revenue described in sec. 3 of this
9 Act from the commissioner of revenue at a price agreed upon by the Alaska Housing Finance
10 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
11 of the Alaska Housing Finance Corporation or of the subsidiary corporation secured solely by
12 the right to receive revenue sold to the Alaska Housing Finance Corporation under sec. 3 of
13 this Act, and the Alaska Housing Finance Corporation or the subsidiary corporation may
14 include in agreements with the bondholders a pledge of the right to receive that revenue and
15 the promise of the state to honor that pledge.

16 (b) Subject to agreements with bondholders and appropriation as described in (c) of
17 this section, the Alaska Housing Finance Corporation shall make the proceeds of the bonds
18 issued under (a) of this section available to the

19 (1) Department of Education and Early Development to pay for expenditures
20 described in (c)(1) of this section, including reimbursement to the Department of Education
21 and Early Development for the expenditures;

22 (2) University of Alaska to pay for expenditures described in (c)(2) of this
23 section, including reimbursement to the University of Alaska for the expenditures; and

24 (3) Department of Transportation and Public Facilities to pay for expenditures
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26 Transportation and Public Facilities for the expenditures.

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29 (1) Department of Education and Early Development to pay for construction,
30 renovation, and improvement of public elementary and secondary schools as follows:

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15	Kenai/Soldotna Schools	
16	McNeil Elementary Wastewater Plant	225,300
17	Kenai Central High School Reinsulate Exterior Walls	367,648
18	Anchorage Schools	
19	Bartlett High School, Phase I	3,500,000
20	Eagle River/Chugiak High School	14,563,500
21	East High School, Phase I	7,295,400
22	Service High School, Phase I	4,998,000
23	Wendler Middle School, Phase I	4,231,500
24	Denali Elementary, Replacement	8,211,000
25	District Wide Projects/Major Maintenance	11,730,600
26	Matanuska-Susitna Schools	
27	Matanuska-Susitna - Fire Alarm System - Five Schools	620,648
28	Matanuska-Susitna - Colony High School Septic System	159,416
29	Matanuska-Susitna - Fuel Tank Replacement	126,261
30	Matanuska-Susitna - Fire Sprinklers and Piping (3)	1,381,770
31	Matanuska-Susitna - Boiler/Heater Replacement	221,051

1	- Four Schools	
2	Matanuska-Susitna - Carpet Replacement - six schools	423,507
3	Fairbanks North Star Borough Schools	
4	District Wide Projects/Major Maintenance	750,000
5	Lower Yukon - Pilot Station School Replacement	17,654,003
6	Lower Yukon - Kotlik School Replacement	17,910,901
7	Kashunamiut - Chevak School Replacement	28,272,551
8	Northwest Arctic Schools	
9	Ambler K-12 Improvements	924,586
10	Kiana K-12 Improvements	1,395,000
11	Bering Strait Schools	
12	Elim School, Phase III	12,146,788
13	Southwest Region Schools	
14	Manokotak School Replacement	14,689,464
15	Pribilof Island - St. George School Remodel	<u>4,385,970</u>
16	TOTAL	\$165,803,767
17	(2) University of Alaska to pay for construction and renovation of university	
18	facilities as follows:	
19	PROJECT	
20	University of Alaska - Southeast	
21	Deferred Maintenance, Renewal and Replacement,	\$1,687,854
22	Code Compliance	
23	University of Alaska - AVTEC Seward	
24	Student Housing	4,200,000
25	University of Alaska - Anchorage	
26	Consortium Library	36,000,000
27	Deferred Maintenance, Renewal and Replacement,	4,220,000
28	Code Compliance	
29	Matanuska-Susitna Ortner Building Replacement	685,000
30	University of Alaska - Fairbanks	
31	Deferred Maintenance, Renewal and Replacement,	25,199,054

1	Code Compliance	
2	TOTAL	\$71,991,908
3	(3) Department of Transportation and Public Facilities to pay for construction	
4	and renovation of port and harbor facilities as follows:	
5	PROJECT	
6	Ketchikan	\$ 7,000,000
7	Petersburg	3,300,000
8	Juneau Area Harbors	
9	Auke Bay Harbor	492,325
10	Douglas Dock/Harbor	1,241,421
11	Taku Harbor	38,566
12	Klawock	860,000
13	Seldovia	2,500,000
14	Whittier	1,835,600
15	Valdez	3,013,500
16	Cordova	4,337,800
17	Nome	1,000,000
18	CORPS OF ENGINEERS MATCH	
19	Program Formulation	100,000
20	Ketchikan Harbor Study	200,000
21	Wrangell	500,000
22	Kake	404,000
23	Metlakatla - Tamgass	850,000
24	Ouzinkie	1,300,000
25	Seward Harbor Expansion	2,925,000
26	Perryville Harbor Feasibility	<u>102,100</u>
27	TOTAL	\$32,000,312
28	GRAND TOTAL	\$269,795,987
29	(d) Funds may not be expended for a port or harbor facility described in sec. 4(c)(3)	
30	of this section unless	

1 (1) the port or harbor facility is located in a municipality in which the port or
2 harbor facility is owned and operated by the municipality;

3 (2) ownership of the port or harbor facility that is being funded has been
4 transferred from the state to the municipality by a transfer agreement under AS 35.10.120; and

5 (3) the state completes a bill of sale transferring the port or harbor facility from
6 the state to the municipality.

7 * Sec. 5. This Act takes effect July 1, 2000.

JD move Amendment 1

I. Tobacco securitization		269,590.0	Amount in HB281 and SB310
<u>a) K-12 Schools</u>			
School construction		153,914.5	DEED priority list 1-10
Major maintenance		64,881.3	All DEED projects except those
	K-12 subtotal	218,795.8	in school debt reimbursement
<hr/>			
<u>b) University of Alaska</u>			
Consortium Library	31,000.0		
UAS classroom addition	7,600.0		
UAF Deferred maintenance	8,000.0		
AVTEC Student Housing	4,200.0		
	UA subtotal	50,800.0	
	Total for tobacco bonds	269,595.8	

failed

II. School debt reimbursement (70%-30%)

First debt payment in FY02-03

All projects approved by voters to date

School debt subtotal 114,287,286.0

III. AHFC bonds for ports, harbors and deferred maintenance

(Uses only \$44 million of the existing \$100 million capacity)

a) Ports and harbors transfer - phase I	23,600.0
b) Corps of Engineers match	6,400.0
c) University statewide deferred maintenance	14,000.0
AHFC subtotal	44,000.0

I. K-12 SCHOOLS & UNIVERSITY CONSTRUCTION

(c) subject to appropriation, the proceeds of bonds issued under (a) of this section shall be used by the Department of Education and Early Development to pay for construction, renovation and improvement of public elementary and secondary schools as follows:

a. K-12 SCHOOLS

1. CONSTRUCTION PROJECTS

1 - SC	Kashunamiut	Chevak School Replacement	\$	28,272,551
2 - SC	Lower Yukon	Pilot Station School Replacement		17,654,003
3 - SC	Southwest Regio	Manokotak School Replacement		14,689,464
4 - SC	Lower Yukon	Kotlik School Replacement		17,910,901
5 - SC	Bering Strait	Elim School Phase III		12,146,788
6 - SC	Northwest Arctic	Noorvik K-12 Improvements		13,633,183
7 - SC	Bering Strait	Golovin School Phase III		9,609,516
8 - SC	Southwest Regio	Togiak School Replacement		25,027,049
9 - SC	Bering Strait	Koyuk K-12 School		600,737
10 - SC	Yupiit	Akiachak Elementary Replacement And Secondary Renovati		14,370,287
		Sub - Total	\$	153,914,479

2. MAJOR MAINTENANCE AND IMPROVEMENT PROJECTS

1 - MM	Juneau City Boro	Auke Bay Elementary Roof Replacement	\$	653,842
2 - MM	Petersburg City	Fascia/Soffit Repair/Replacement Recovery Of Funds		112,960
3 - MM	Yukon-Koyukuk	Nulato Structural Repairs		400,724
5 - MM	Juneau City Boro	Marie Drake Roof Replacement		599,501
6 - MM	Pribilof Island	St. George School Remodel		4,385,970
7 - MM	Bering Strait	Shishmaref School Roof Replacement And Renovation, Pha		8,133,754
8 - MM	Juneau City Boro	Harborview Elementary Gym Roof Replacement		106,604
9 - MM	Chatham	Angoon Elementary School Major Maintenance		2,222,675
10 - MM	Lake & Peninsul	Pedro Bay School Renovation/Relocation/Reconstruction		1,557,714
11 - MM	Wrangell City	Wrangell Elementary And High School Structural Repairs		363,650
12 - MM	Wrangell City	Elementary and Middle School Renovation		1,229,000
13 - MM	Ketchikan	Schoenbar Renovation, Phase I		2,219,785
14 - MM	Wrangell City	Middle School Shop Renovation		168,518
15 - MM	Hoonah City	Swimming Pool Sprinkler		212,458
16 - MM	North Slope Boro	Tikigaq School Renovation		3,713,270
17 - MM	Kenai Peninsula	McNeil Canyon Elementary Wastewater Treatment System		125,300
18 - MM	Tanana City	Tanana Kitchen Renovation		426,179
19 - MM	Chatham	Angoon High School Major Maintenance		1,687,794
20 - MM	Iditarod Area	Takotna Community School Water Project		179,512
21 - MM	Iditarod Area	Blackwell School Heating Renovation & Site Repair		280,010
22 - MM	Wrangell City	Elementary & High Schools Roof & Exterior Repairs		103,760
23 - MM	Galena	Project Education Food Service Renovation		159,088
24 - MM	Delta/Greely	Fort Greely Utility Conversion		1,996,941

25 - MM	Sitka City Borou	Blatchley Middle School Exterior Upgrade	317,638
26 - MM	Southwest Regio	Clark's Point Generator Building	36,302
27 - MM	Kenai Peninsula	Kenai Central High School Reinsulate Exterior Walls	367,648
28 - MM	Yakutat City	Yakutat High School Gym Structural Repairs	86,936
29 - MM	Dillingham City	Elementary School Weatherization	146,860
30 - MM	Yupiit	Akiak High School Repairs	329,954
31 - MM	Juneau City Boro	High School Heating & Ventiiation	65,303
32 - MM	Juneau City Boro	High School Auxiliary Gym Floor Replacement	109,385
33 - MM	Nenana City	Elementary Wing Sprinkler Expansion	106,333
35 - MM	Alaska Gateway	Tok Multipurpose Recreation Complex Renovation	969,494
36 - MM	Southwest Regio	Koliganek School Weather Protection	379,555
37 - MM	Galena	High School Repairs	128,662
38 - MM	Juneau City Boro	Floyd Dryden Middle School Gym Floor Replacement	108,236
39 - MM	Hoonah City	Hoonah Schools Renovation	1,223,725
40 - MM	Lower Yukon	Alakanuk Mechanical System Upgrade	997,557
41 - MM	Kuspuk	George Morgan Sr. High School Sewage System Replaceme	411,975
42 - MM	Lower Yukon	Emmonak Mechanical System Upgrade	715,772
43 - MM	Iditarod Area	David-Louis Memorial School Asbestos Abatement & Demoli	417,246
44 - MM	Denali Borough	Cantwell School Heating And Sprinkler System	668,125
45 - MM	Hydaburg City	Upgrading Facilities & Tanks Project	899,948
46 - MM	Lower Kuskokwi	Districtwide Water Treatment, Subsurface Sources	1,470,000
47 - MM	Denali Borough	Cantwell School Code Upgrade & Roof Repair	334,468
48 - MM	Dillingham City	Central Administration Roof	50,250
49 - MM	Kenai Peninsula	Soldotna High School Roofing Replacement	644,014
50 - MM	Tanana City	Tanana School Major Maintenance	2,976,374
51 - MM	Yakutat City	Yakutat High School Renovation	143,906
52 - MM	Chugach	Whittier Fire Alarm Replacement	40,431
53 - MM	Mat-Su Borough	Fire Alarm Systems, 5 Schools	620,648
54 - MM	Juneau City Boro	Gastineau Elementary Heating Coil Replacement	133,053
55 - MM	Iditarod Area	Innoko River School Water & Sewer Emergency	190,407
56 - MM	Denali Borough	Anderson School Heating & Ventilation	1,164,266
57 - MM	Mat-Su Borough	Septic System Upgrade, Colony High School	159,416
58 - MM	Mat-Su Borough	Fuel Tank Replacement Districtwide	126,261
59 - MM	Mat-Su Borough	Fire Sprinklers & Piping, 3 Schools	1,381,770
60 - MM	Alaska Gateway	Tetlin Sewer Line	85,031
61 - MM	Dillingham City	High School Fire Panel Replacement	64,623
62 - MM	Dillingham City	High School Gym Roof	158,151
63 - MM	Kuspuk	Crow Village Sam School Sewage System Replacement, Ch	349,272
64 - MM	Juneau City Boro	Floyd Dryden Middle School Renovation	3,629,683
65 - MM	Kake City	Kake Middle School Renovation & Generator Installation	300,075
66 - MM	Iditarod Area	Innoko River School Vocational Education Code Upgrade	73,821
67 - MM	Dillingham City	Elementary Gym Floor	51,562
68 - MM	Copper River	Glennallen High School Gym Floor Renovation	183,544
69 - MM	Chugach	Tatitlek Fire Alarm Replacement & Security System	35,471
70 - MM	Kuspuk	Johnnie John Sr. School Sewage System Replacement, Cro	356,257
71 - MM	Iditarod Area	McGrath School Foundation & Deterioration Repairs	188,835
72 - MM	Mat-Su Borough	Boiler & Water Heater Replacement, 4 Schools	221,051
73 - MM	Sitka City Borou	Districtwide Major Maintenance	482,058
74 - MM	Chugach	Districtwide Fuel Tank Upgrades	227,642

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75 - MM	Galena	High School Floor Renovation	128,786
76 - MM	Hoonah City	Hoonah Pool Upgrades	167,394
77 - MM	Chugach	Tatitlek Generator Replacement	197,122
78 - MM	Lower Kuskokwi	Kilbuck School Boiler Replacement	287,041
79 - MM	Mat-Su Borough	Carpet Replacement, 6 Elementary Schools	423,507
80 - MM	Yukon Flats	Chalkyitsik Sewage Lagoon & Water Tank	780,341
81 - MM	Lower Kuskokwi	Districtwide Asbestos Abatement	4,865,404
82 - MM	Iditarod Area	McGrath School Heating & Mechanical Design & Renovation	244,373
83 - MM	Lower Kuskokwi	Districtwide ADA Upgrade	2,203,040
84 - MM	Iditarod Area	Holy Cross School Shower, Bathroom & Flooring Deterioratio	49,384
85 - MM	Yukon Flats	Fort Yukon High School Gym Sprinklers	115,353
86 - MM	Dillingham City	Oil Tank Removal/Replacement	51,562
		Sub - Total	\$ 64,881,310
		Total Grants for Schools	\$ 218,795,789

b. UNIVERSITY

AVTEC - Seward Student Housing	4,200,000
University of Alaska - Anchorage Consortium Library	31,000,000
University of Alaska Southeast classroom addition	7,600,000
University of Alaska - Fairbanks	8,000,000
Total University	50,800,000

Senate Capital Budget + HB281 Bond Package

ED		Senate Capital Budget	HB281 Tobacco Bond Projects	Total Capital + Bonds	
1	Ketchikan	16,822,572	\$ 7,200,000	24,022,572	2.76%
2	Sitka/Petersburg/Wrangell	27,453,877	\$ 3,912,960	31,366,837	3.61%
3-4	Juneau Areawide	14,616,000	\$ 8,865,774	23,481,774	2.70%
5	Southeast Islands	19,250,257	\$ 4,351,460	23,601,717	2.71%
6	Kodiak	15,455,527	\$ 3,162,875	18,618,402	2.14%
7-9	Kenai Areawide	34,417,656	\$ 10,217,948	44,635,604	5.13%
10-25	Anchorage Areawide	148,627,965	\$ 94,750,000	243,377,965	27.99%
26-28	Mat-Su Areawide	76,878,553	\$ 3,617,653	80,496,206	9.26%
29-34	Fairbanks	48,892,250	\$ 25,949,054	74,841,304	8.61%
35	Prince William Sound/Delta	23,589,285	\$ 9,186,900	32,776,185	3.77%
36	Rural Interior	40,269,981	\$ 17,654,003	57,923,984	6.66%
37	Arctic Slope/Northwest	33,402,737	\$ 2,319,586	35,722,323	4.11%
38	Nome/Norton Sound	39,472,982	\$ 59,330,240	98,803,222	11.36%
39	Bristol Bay/Bethel	28,088,811	\$ 14,689,464	42,778,275	4.92%
40	Aleutians	32,479,317	\$ 4,488,070	36,967,387	4.25%
	Subtotal by Election District	599,717,770	\$ 269,695,987	869,413,757	100%
99	Statewide	426,571,383	100,000	426,671,383	
	Totals	1,026,289,153	269,795,987	1,296,085,140	

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

April 15, 2000
(Reissued April 18, 2000)

Annalee McConnell, Director
Office of the Governor
Office of Management & Budget
P.O. Box 110020
Juneau, Alaska 99811-0020

TONY KNOWLES, GOVERNOR

PLEASE REPLY TO:

- 1031 WEST 4TH AVENUE, SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 269-5100
FAX: (907) 276-3697
- KEY BANK BUILDING
100 CUSHMAN ST., SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 451-2811
FAX: (907) 451-2846
- P.O. BOX 110300-DIMOND COURT HOUSE
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-6735

Re: sale of right to receive tobacco
settlement revenue; dedicated fund
prohibition (Ak. Const. Art. IX, Sec. 7)

Dear Ms. McConnell:

We have been asked to comment on a proposal to issue bonds secured by the right to receive future installments owed to the state under the settlement with the manufacturers of tobacco products. Apparently, counsel for the legislature questions whether this transaction would possibly violate the dedicated fund prohibition set out in Article IX, Section 7 of the Alaska Constitution.¹ The dedicated fund prohibition, though expressly directed to only the proceeds of taxes and licenses has been interpreted to broadly apply to all state revenue sources.²

We understand the transaction contemplated will take the form of a true sale. The state-owned rights to the stream of revenue from the tobacco settlement, or a part of it, would be sold to a subsidiary of the Alaska Housing Finance Corporation (AHFC). Under the terms of the sale, title to the rights representing the revenue stream would be conveyed to the AHFC subsidiary so that the right to receive future revenue becomes the property of that entity. As consideration for the sale, the state will receive the proceeds of revenue bonds issued by the AHFC subsidiary which will be appropriated by the legislature for capital improvement projects.

¹ The Alaska Constitution provides: "The proceeds of any state tax or license shall not be dedicated to any special purpose. . . ."

² State v. Alex, 646 P.2d 203 (Alaska 1992).

Page 2
Annalee McConnell, Director
April 18, 2000

The dedicated fund prohibition

... seeks to preserve an annual appropriation model which assumes that not only will the legislature remain free to appropriate all funds for any purpose on an annual basis, but that government department will not be restricted in requesting funds from all sources.

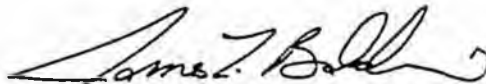
Sonneman v. Hickel, 836 P.2d 936 (Alaska 1992). The prohibition is intended to prevent the earmarking of a specific revenue source so that the legislature's power of appropriation does not become limited to only the purposes for which the funding source is earmarked. The proposal to securitize tobacco settlement proceeds involves the sale of the right to receive settlement proceeds for a stated period. Such a chose in action is a legitimate property right. See AS-01.10.060(a)(10). This is no different than the sale of beneficial rights in a mortgage or allocated annuity contract. The revenue stream in the settlement is effectively being sold for its present value. For the period covered by the sale, there are effectively no revenues owed to the state, they are owed to the purchasing entity, in this case a subsidiary of AHFC.

Because the revenues covered by the sale are no longer the property of the state, the dedicated fund prohibition would not apply. In addition, the state will have received the true value for the rights in the settlement proceeds. The legislature would have the full power of appropriation over the proceeds derived from the sale of these rights. We believe that this transaction does not violate the dedicated fund prohibition.

I hope this memorandum adequately answers your question. If you require a more detailed analysis of the issue, please let me know.

Sincerely,

BRUCE M. BOTELHO
ATTORNEY GENERAL



By: James L. Baldwin
Assistant Attorney General

Tarnell

ARIMAX

FINANCIAL ADVISORS INC.

April 6, 2000

Mr. Daniel Fauske
Chief Executive Officer
Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

Dear Dan:

You have asked us to provide you with an update of the status of tobacco litigation and a review of jurisdictions considering tobacco financings.

Some of the recent highlights of tobacco litigation:

- A state court jury in California found that the tobacco companies misrepresented the health dangers of cigarettes, and ordered the companies to pay \$1.7 million in damages.
- United States Supreme Court ruled that the FDA did not have the jurisdiction to regulate tobacco products.
- The Florida case commonly known as Engle has moved into the second stage of deliberation. As expected, the jury found the cigarette companies at fault, and is now determining damages.

There have been several reports of states considering securitization of its tobacco revenues:

- The Senate in the State of Kansas has introduced legislation for the securitization of approximately \$475 million bonds to be used for children's programs.
- The State of Arkansas has been reported to reach a consensus on the spending of monies for the tobacco settlement. No legislation has been introduced as of yet.
- Legislation has been introduced in the Colorado State Legislature to securitize revenues.

(over)

505 PARK AVENUE, 14TH FLOOR, NEW YORK, NY 10022-1106
TEL: 212.935.7882 FAX: 212.935.9268

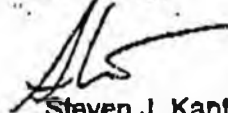
California Counties. Several major counties are proceeding with their tobacco securitization plans.

- On April 23, 2000, the Board of Supervisors of the County of **Sacramento** will address the County's recommendation to securitize its share of the tobacco revenues.
- The County of **Los Angeles** is beginning to draft a proposal to securitize its share of tobacco revenues.
- The County of **Orange** has received approval to draft a plan for securitization.

Two counties in New York, Erie County and Monroe County, announced their intention of proceeding with a tobacco securitization transaction.

This is just a partial list of entities considering tobacco securitization financings. We will continue to update you as we receive additional information. Please call me if you have any questions. Thank you.

Sincerely,



Steven J. Kantor
President

505 PARK AVENUE, 14TH FLOOR, NEW YORK, NY 10022-1106
TEL: 212.935.7882 FAX: 212.935.9268

HOUSE BILL 281 TOBACCO BOND PROJECT LIST

SCHOOLS

<u>Project Name</u>	<u>Project Cost</u>
	<u>State Share</u>
Petersburg - Fascia/Soffit Repr/Replace Juneau Schools	\$ 112,960
Auke Bay Elem Roof Replacement	\$ 653,842
Marie Drake Roof Replacement	\$ 599,501
Harborview Elem Gym Roof Replacement	\$ 106,604
High School Heating/Ventilation	\$ 65,303
High School Aux Gym Floor Replacement	\$ 109,386
Floyd Dryden Sch Gym Floor	\$ 108,236
Gastineau Elem Heating Coil Replacement	\$ 133,053
Floyd Dryden Middle School Renovation	\$ 3,629,683
Kake City - Kake Elementary School Addition	\$ 2,237,460
Kodiak Island Schools	
Peterson Elem Addition	\$ 756,000
Kodiak High School	\$ 1,106,875
Kenai/ Soldotna Schools	
McNeil Elem Wastewater Plant	\$ 225,300
Kenai Central High School Reinsulate Ext Walls	\$ 367,648
Anchorage Schools	
Bartlett High School, Phase I	\$ 3,500,000
Eagle River/Chugiak High School	\$ 14,563,500
East High School, Phase I	\$ 7,295,400
Service High School, Phase I	\$ 4,998,000
Wendler Middle School, Phase I	\$ 4,231,500
Denali Elementary, Replacement	\$ 8,211,000
District Wide Projects/ Major Maintenance	\$ 11,730,600
Mat-Su Schools	
Mat-Su - Fire Alarm Sys - 5 schools	\$ 620,648
Mat-Su - Colony High School Septic Sys	\$ 159,416
Mat-Su - Fuel Tank Replace	\$ 126,261
Mat-Su Fire Sprinklers & Piping (3)	\$ 1,381,770
Mat-Su Boiler/Heater Replace (4 schools)	\$ 221,051
Mat-Su Carpet Replace (6 schools)	\$ 423,507
Fairbanks - North Star Borough Schools	
Districtwide Major Maintenance	\$ 750,000
Lwr Yukon - Pilot Station School Replacement	\$ 17,654,003
Northwest Arctic Schools	
Ambler K-12 Improvements	\$ 924,586
Kiana K-12 Improvements	\$ 1,395,000
Kashunamiut - Chevak School Replacement	\$ 28,272,551
Lwr Yukon - Kotlik School Replacement	\$ 17,910,901
Flim School Phase III	\$ 12,146,788
Southwest Region Schools	
Manokotak School Replacement	\$ 14,689,464
Pribilof Island - St. George School Remodel	\$ 4,385,970
	\$ 165,803,767

HOUSE BILL 281 TOBACCO BOND PROJECT LIST

UNIVERSITY

<u>Project Name</u>	<u>Project Cost</u>
University of Alaska - Southeast	
Deferred Maintenance	\$ 684,774
Renewal & Replacement	\$ 687,200
Code Compliance	\$ 315,880
Avtec - Seward	
Student Housing	\$ 4,200,000
University of Alaska - Anchorage	
Consortium Library	\$ 36,000,000
Deferred Maintenance	\$ 1,570,000
Renewal & Replacement	\$ 2,500,000
Code Compliance	\$ 150,000
Mat-Su Ortner Building Replacement	\$ 685,000
University of Alaska - Fairbanks	
Deferred Maintenance	\$ 19,455,406
Renewal & Replacement	\$ 1,600,000
Code Compliance	\$ 4,143,648
	<u>\$ 71,991,908</u>

PORTS and HARBORS

HARBORS TRANSFER PLAN

<u>Project Name</u>	<u>Project Cost</u>
Ketchikan	\$ 7,000,000
Petersburg	\$ 3,300,000
Juneau Area Harbors	
Auke Bay Harbor	\$ 492,325
Douglas Dock / Harbor	\$ 1,241,421
Taku Harbor	\$ 38,566
Klawock	\$ 860,000
Seldovia	\$ 2,500,000
Whittier	\$ 1,835,600
Valdez	\$ 3,013,500
Cordova	\$ 4,337,800
Nome	\$ 1,000,000

CORPS OF ENGINEERS MATCH

<u>Project Name</u>	<u>Project Cost</u>
Program Formulation	\$ 100,000
Ketchikan Harbor Study	\$ 200,000
Wrangell	\$ 500,000
Kake	\$ 404,000
Metlakatla - Tamgass	\$ 850,000
Ouzinkie	\$ 1,300,000
Seward Harbor Expansion	\$ 2,925,000
Perryville Harbor Feasibility	\$ 102,100
	<u>\$ 32,000,312</u>

GRAND TOTAL

\$ 269,795,987

1-LS1201\Y

Ford

4/18/00

CS FOR HOUSE BILL NO. 281(FIN)**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTY-FIRST LEGISLATURE - SECOND SESSION****BY THE HOUSE FINANCE COMMITTEE****Offered:****Referred:****Sponsor(s): HOUSE FINANCE COMMITTEE****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the financing of construction of public school facilities,
2 facilities for the University of Alaska, and facilities for ports and harbors;
3 authorizing the commissioner of revenue to sell the right to receive a portion of
4 the anticipated revenue from a certain tobacco litigation settlement to the Alaska
5 Housing Finance Corporation; authorizing the issuance of bonds by the Alaska
6 Housing Finance Corporation with proceeds to finance public school construction,
7 facilities for the University of Alaska, and facilities for ports and harbors;
8 providing for the creation of subsidiary corporations of the Alaska Housing
9 Finance Corporation for the purpose of financing or facilitating the financing of
10 public school construction, facilities for the University of Alaska, and facilities for
11 ports and harbors; relating to the annual public school construction and major
12 maintenance grant application and approval process; and providing for an effective

1 date."

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

3 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
4 section to read:

5 **INTENT.** It is the intent of the legislature that the sale of a portion of the revenue
6 derived from tobacco settlement litigation described under sec. 3(a) of this Act result in funding
7 of \$1,400,000^{annually} for smoking education and cessation programs administered by the state.

8 * **Sec. 2.** AS 18.56 is amended by adding a new section to read:

9 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
10 subsidiary corporations for the purpose of financing or facilitating the financing of
11 school construction, facilities for the University of Alaska, or facilities for ports and
12 harbors. A subsidiary corporation created under this section may be incorporated
13 under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the
14 corporation to a subsidiary created under this section. A subsidiary created under this
15 section may borrow money and issue bonds as evidence of that borrowing and has all
16 the powers of the corporation that the corporation grants to it. Unless otherwise
17 provided by the corporation, the debts, liabilities, and obligations of a subsidiary
18 corporation created under this section are not the debts, liabilities, or obligations of the
19 corporation.

20 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
21 to read:

22 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
23 commissioner of revenue is authorized to sell to the Alaska Housing Finance Corporation the
24 right to receive all but \$1,400,000^{annually} of the revenue derived from the settlement of State of
25 Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915CI (Alaska Super. 1997).

26 (b) The proceeds of the sale of the right to receive revenue sold under (a) of this
27 section are anticipated to be \$269,000,000.

28 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section
29 to read:

30 **BOND AUTHORIZATION AND PROVISIONS.** (a) Notwithstanding the limitation

1 in AS 18.56.090 or other provisions of law, the Alaska Housing Finance Corporation or a
 2 subsidiary corporation created under AS 18.56.086 is authorized to issue revenue bonds in
 3 principal amounts sufficient to acquire the right to receive revenue described in sec. 3 of this
 4 Act from the commissioner of revenue at a price agreed upon by the Alaska Housing Finance
 5 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
 6 of the Alaska Housing Finance Corporation or of the subsidiary corporation secured solely by
 7 the right to receive revenue sold to the Alaska Housing Finance Corporation under sec. 3 of
 8 this Act, and the Alaska Housing Finance Corporation or the subsidiary corporation may
 9 include in agreements with the bondholders a pledge of the right to receive that revenue and
 10 the promise of the state to honor that pledge.

11 (b) Subject to agreements with bondholders and appropriation as described in (c) of
 12 this section, the Alaska Housing Finance Corporation shall make the proceeds of the bonds
 13 issued under (a) of this section available to the

14 (1) Department of Education and Early Development to pay for expenditures
 15 described in (c)(1) of this section, including reimbursement to the Department of Education
 16 and Early Development for the expenditures;

17 (2) University of Alaska to pay for expenditures described in (c)(2) of this
 18 section, including reimbursement to the University of Alaska for the expenditures; and

19 (3) Department of Transportation and Public Facilities to pay for expenditures
 20 described in (c)(3) of this section, including reimbursement to the Department of
 21 Transportation and Public Facilities for the expenditures.

22 (c) Subject to appropriation, the proceeds of bonds issued under (a) of this section
 23 shall be used by the

24 (1) Department of Education and Early Development to pay for construction,
 25 renovation, and improvement of public elementary and secondary schools as follows:

26 PROJECT

27 Petersburg - Fascia/Soffit Repair/Replacement	\$ 112,960
28 Kake City - Kake Elementary School Addition	2,237,460
29 Juneau Schools	
30 Auke Bay Elementary Roof Replacement	653,842
31 Marie Drake Roof Replacement	599,501

1	Harborview Elementary Gym Roof Replacement	106,604
2	High School Heating/Ventilation	65,303
3	High School Auxiliary Gym Floor Replacement	109,386
4	Floyd Dryden School Gym Floor	108,236
5	Gastineau Elementary Heating Coil Replacement	133,053
6	Floyd Dryden Middle School Renovation	3,629,683
7	Kodiak Island Schools	
8	Peterson Elementary Addition	756,000
9	Kodiak High School	1,106,875
10	Kenai/Soldotna Schools	
11	McNeil Elementary Wastewater Plant	225,300
12	Kenai Central High School Reinsulate Exterior Walls	367,648
13	Anchorage Schools	
14	Bartlett High School, Phase I	3,500,000
15	Eagle River/Chugiak High School	14,563,500
16	East High School, Phase I	7,295,400
17	Service High School, Phase I	4,998,000
18	Wendler Middle School, Phase I	4,231,500
19	Denali Elementary, Replacement	8,211,000
20	District Wide Projects/Major Maintenance	11,730,600
21	Matanuska-Susitna Schools	
22	Matanuska-Susitna - Fire Alarm System - Five Schools	620,648
23	Matanuska-Susitna - Colony High School Septic System	159,416
24	Matanuska-Susitna - Fuel Tank Replacement	126,261
25	Matanuska-Susitna - Fire Sprinklers and Piping (3)	1,381,770
26	Matanuska-Susitna - Boiler/Heater Replacement	221,051
27	- Four Schools	
28	Matanuska-Susitna - Carpet Replacement - six schools	423,507
29	Fairbanks North Star Borough Schools	
30	District Wide Projects/Major Maintenance	750,000
31	Lower Yukon - Pilot Station School Replacement	17,654,003

1	Lower Yukon - Kotlik School Replacement	17,910,901
2	Kashunamiut - Chevak School Replacement	28,272,551
3	Northwest Arctic Schools	
4	Ambler K-12 Improvements	924,586
5	Kiana K-12 Improvements	1,395,000
6	Bering Strait Schools	
7	Elim School, Phase III	12,146,788
8	Southwest Region Schools	
9	Manokotak School Replacement	14,689,464
10	Pribilof Island - St. George School Remodel	<u>4,385,970</u>
11	TOTAL	\$165,803,767
12	(2) University of Alaska to pay for construction and renovation of university	
13	facilities as follows:	
14	PROJECT	
15	University of Alaska - Southeast	
16	Deferred Maintenance	\$ 684,774
17	Renewal and Replacement	687,200
18	Code Compliance	315,880
19	University of Alaska - AVTEC Seward	
20	Student Housing	4,200,000
21	University of Alaska - Anchorage	
22	Consortium Library	36,000,000
23	Deferred Maintenance	1,570,000
24	Renewal and Replacement	2,500,000
25	Code Compliance	150,000
26	Matanuska-Susitna Ortner Building Replacement	685,000
27	University of Alaska - Fairbanks	
28	Deferred Maintenance	19,455,406
29	Renewal and Replacement	1,600,000
30	Code Compliance	<u>4,143,648</u>
31	TOTAL	\$71,991,908

1 (3) Department of Transportation and Public Facilities to pay for construction
2 and renovation of port and harbor facilities as follows:

3	PROJECT	
4	Ketchikan	\$ 7,000,000
5	Petersburg	3,300,000
6	Juneau Area Harbors	
7	Auke Bay Harbor	492,325
8	Douglas Dock/Harbor	1,241,421
9	Taku Harbor	38,566
10	Klawock	860,000
11	Seldovia	2,500,000
12	Whittier	1,835,600
13	Valdez	3,013,500
14	Cordova	4,337,800
15	Nome	1,000,000
16	CORPS OF ENGINEERS MATCH	
17	Program Formulation	100,000
18	Ketchikan Harbor Study	200,000
19	Wrangell	500,000
20	Kake	404,000
21	Metlakatla - Tamgass	850,000
22	Ouzinkie	1,300,000
23	Seward Harbor Expansion	2,925,000
24	Perryville Harbor Feasibility	<u>102,100</u>
25	TOTAL	\$32,000,312
26	GRAND TOTAL	\$269,795,987

27 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section
28 to read:

29 SUSPENSION OF STATUTORY SCHOOL CONSTRUCTION AND MAJOR
30 MAINTENANCE GRANT APPLICATION PROCESS. The provisions of AS 14.11.005,
31 14.11.007, 14.11.011, 14.11.013, 14.11.015, and 14.11.016 are suspended in regard to the

1 public school construction, renovation, and improvement projects described under sec. 4(c)(1)
2 of this Act.

3 * Sec. 6. Section 5 of this Act is repealed July 1, 2002.

4 * Sec. 7. Section 5 of this Act takes effect immediately under AS 01.10.070(c).

5 * Sec. 8. Except as provided in sec. 7 of this Act, this Act takes effect July 1, 2000.

CS FOR HOUSE BILL NO. 281(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing of construction of public school facilities,
2 facilities for the University of Alaska, and facilities for ports and harbors;
3 authorizing the commissioner of revenue to sell the right to receive a portion of
4 the anticipated revenue from a certain tobacco litigation settlement to the Alaska
5 Housing Finance Corporation; authorizing the issuance of bonds by the Alaska
6 Housing Finance Corporation with proceeds to finance public school construction,
7 facilities for the University of Alaska, and facilities for ports and harbors;
8 providing for the creation of subsidiary corporations of the Alaska Housing
9 Finance Corporation for the purpose of financing or facilitating the financing of
10 public school construction, facilities for the University of Alaska, and facilities for
11 ports and harbors; relating to the annual public school construction and major
12 maintenance grant application and approval process; and providing for an effective

1 date."

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

3 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
4 section to read:

5 INTENT. It is the intent of the legislature that the sale of a portion of the revenue
6 derived from tobacco settlement litigation described under sec. 3(a) of this Act not reduce
7 funding of \$1,400,000 for smoking education and cessation programs administered by the
8 state.

9 * **Sec. 2.** AS 18.56 is amended by adding a new section to read:

10 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create
11 subsidiary corporations for the purpose of financing or facilitating the financing of
12 school construction, facilities for the University of Alaska, or facilities for ports and
13 harbors. A subsidiary corporation created under this section may be incorporated
14 under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the
15 corporation to a subsidiary created under this section. A subsidiary created under this
16 section may borrow money and issue bonds as evidence of that borrowing and has all
17 the powers of the corporation that the corporation grants to it. Unless otherwise
18 provided by the corporation, the debts, liabilities, and obligations of a subsidiary
19 corporation created under this section are not the debts, liabilities, or obligations of the
20 corporation.

21 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
22 to read:

23 **SALE OF RIGHT TO RECEIVE ANTICIPATED SPECIAL REVENUE.** (a) The
24 commissioner of revenue is authorized to sell to the Alaska Housing Finance Corporation the
25 right to receive a portion of the revenue derived from the settlement of State of Alaska v.
26 Philip Morris, Incorporated, et al, No. 1JU-97-915CI (Alaska Super. 1997).

27 (b) The proceeds of the sale of the right to receive revenue sold under (a) of this
28 section are anticipated to be not less than \$269,000,000.

29 * **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section
30 to read:

1 BOND AUTHORIZATION AND PROVISIONS. (a) Notwithstanding the limitation
 2 in AS 18.56.090 or other provisions of law, the Alaska Housing Finance Corporation or a
 3 subsidiary corporation created under AS 18.56.086 is authorized to issue revenue bonds in
 4 principal amounts sufficient to acquire the right to receive revenue described in sec. 3 of this
 5 Act from the commissioner of revenue at a price agreed upon by the Alaska Housing Finance
 6 Corporation and the commissioner of revenue. The bonds may be special, limited obligations
 7 of the Alaska Housing Finance Corporation or of the subsidiary corporation secured solely by
 8 the right to receive revenue sold to the Alaska Housing Finance Corporation under sec. 3 of
 9 this Act, and the Alaska Housing Finance Corporation or the subsidiary corporation may
 10 include in agreements with the bondholders a pledge of the right to receive that revenue and
 11 the promise of the state to honor that pledge.

12 (b) Subject to agreements with bondholders and appropriation as described in (c) of
 13 this section, the Alaska Housing Finance Corporation shall make the proceeds of the bonds
 14 issued under (a) of this section available to the

15 (1) Department of Education and Early Development to pay for expenditures
 16 described in (c)(1) of this section, including reimbursement to the Department of Education
 17 and Early Development for the expenditures;

18 (2) University of Alaska to pay for expenditures described in (c)(2) of this
 19 section, including reimbursement to the University of Alaska for the expenditures; and

20 (3) Department of Transportation and Public Facilities to pay for expenditures
 21 described in (c)(3) of this section, including reimbursement to the Department of
 22 Transportation and Public Facilities for the expenditures.

23 (c) Subject to appropriation, the proceeds of bonds issued under (a) of this section
 24 shall be used by the

25 (1) Department of Education and Early Development to pay for construction,
 26 renovation, and improvement of public elementary and secondary schools as follows:

27 PROJECT

28 Petersburg - Fascia/Soffit Repair/Replacement	\$ 112,960
29 Kake City - Kake Elementary School Addition	2,237,460
30 Juneau Schools	
31 Auke Bay Elementary Roof Replacement	653,842

1	Marie Drake Roof Replacement	599,501
2	Harborview Elementary Gym Replacement	106,604
3	High School Heating/Ventilation	65,303
4	High School Auxiliary Gym Floor Replacement	109,386
5	Floyd Dryden School Gym Floor	108,236
6	Gastineau Elementary Heating Coil Replacement	133,053
7	Floyd Dryden Middle School Renovation	3,629,683
8	Kodiak Island Schools	
9	Peterson Elementary Addition	756,000
10	Kodiak High School	1,106,875
11	Kenai/Soldotna Schools	
12	McNeil Elementary Wastewater Plant	125,300
13	Kenai Central High School Reinsulate Exterior Walls	367,648
14	Soldotna High School Roofing Replacement	644,014
15	Anchorage Schools	
16	Bartlett High School, Phase I	3,500,000
17	Eagle River/Chugiak High School	14,563,500
18	East High School, Phase I	7,295,400
19	Service High School, Phase I	4,998,000
20	Wendler Middle School, Phase I	4,231,500
21	Denali Elementary, Replacement	8,211,000
22	District Wide Projects/Major Maintenance	11,730,600
23	Matanuska-Susitna Schools	
24	Matanuska-Susitna - Fire Alarm System - five schools	620,648
25	Matanuska-Susitna - Colony High School Septic System	159,416
26	Matanuska-Susitna - Fuel Tank Replacement	126,261
27	Matanuska-Susitna - Fire Sprinklers and Piping (3)	1,381,770
28	Matanuska-Susitna - Boiler/Heater Replacement	221,051
29	- four schools	
30	Matanuska-Susitna - Carpet Replacement - six schools	423,507
31	Lower Yukon - Pilot Station School Replacement	17,654,003

1	Lower Yukon - Kotlik School Replacement	17,910,901
2	Kashunamiut - Chevak School Replacement	28,272,551
3	Northwest Arctic Schools	
4	Ambler K-12 Improvements	924,586
5	Kiana K-12 Improvements	1,395,000
6	Bering Strait Schools	
7	Elim School, Phase III	12,146,788
8	Southwest Region Schools	
9	Manokotak School Replacement	14,689,464
10	Pribilof Island - St. George School Remodel	<u>4,385,970</u>
11	TOTAL	\$165,597,781

12 (2) University of Alaska to pay for construction and renovation of university
13 facilities as follows:

14	PROJECT	
15	University of Alaska - Southeast	
16	Deferred Maintenance	\$ 1,687,854
17	University of Alaska - AVTEC Seward	
18	Student Housing	4,200,000
19	University of Alaska - Anchorage	
20	Consortium Library	36,000,000
21	Deferred Maintenance	4,220,000
22	Matanuska-Susitna Ortner Building Replacement	685,000
23	University of Alaska - Fairbanks	
24	Deferred Maintenance	<u>25,199,054</u>
25	TOTAL	\$71,991,908

26 (3) Department of Transportation and Public Facilities to pay for construction
27 and renovation of port and harbor facilities as follows:

28	PROJECT	
29	Ketchikan	\$ 7,000,000
30	Petersburg	3,300,000
31	Juneau Area Harbors	

1	Auke Bay Harbor	492,325
2	Douglas Dock/Harbor	1,241,421
3	Taku Harbor	38,566
4	Klawock	860,000
5	Seldovia	2,500,000
6	Whittier	1,835,600
7	Valdez	3,013,500
8	Cordova	4,337,800
9	Nome	1,000,000
10	CORPS OF ENGINEERS MATCH	
11	Program Formulation	100,000
12	Ketchikan Harbor Study	200,000
13	Wrangell	500,000
14	Kake	404,000
15	Metlakatla - Tamgass	850,000
16	Ouzinkie	1,300,000
17	Seward Harbor Expansion	2,925,000
18	Perryville Harbor Feasibility	<u>102,100</u>
19	TOTAL	\$32,000,312
20	GRAND TOTAL	\$269,590,001

21 * Sec. 5. The uncodified law of the State of Alaska is amended by adding a new section
22 to read:

23 SUSPENSION OF STATUTORY SCHOOL CONSTRUCTION AND MAJOR
24 MAINTENANCE GRANT APPLICATION PROCESS. The provisions of AS 14.11.005,
25 14.11.007, 14.11.011, 14.11.013, 14.11.015, and 14.11.016 are suspended in regard to the
26 public school construction, renovation, and improvement projects described under sec. 4(c)(1)
27 of this Act.

28 * Sec. 6. Section 5 of this Act is repealed July 1, 2002.

29 * Sec. 7. Section 5 of this Act takes effect immediately under AS 01.10.070(c).

30 * Sec. 8. Except as provided in sec. 7 of this Act, this Act takes effect July 1, 2000.

HOUSE BILL 281 TOBACCO BOND PROJECT LIST

SCHOOLS

<u>Project Name</u>	<u>Project Cost</u>
	<u>State Share</u>
Petersburg - Fascia/Soffit Repr/Replace Juneau Schools	\$ 112,960
Auke Bay Elem Roof Replacement	\$ 653,842
Marie Drake Roof Replacement	\$ 599,501
Harborview Elem Gym Roof Replacement	\$ 106,604
High School Heating/Ventilation	\$ 65,303
High School Aux Gym Floor Replacement	\$ 109,386
Floyd Dryden Sch Gym Floor	\$ 108,236
Gastineau Elem Heating Coil Replacement	\$ 133,053
Floyd Dryden Middle School Renovation	\$ 3,629,683
Kake City - Kake Elementary School Addition Kodiak Island Schools	\$ 2,237,460
Peterson Elem Addition	\$ 756,000
Kodiak High School	\$ 1,106,875
Kenai/ Soldotna Schools	
McNeil Elem Wastewater Plant	\$ 225,300
Kenai Central High School Reinsulate Ext Walls	\$ 367,648
Anchorage Schools	
Bartlett High School, Phase I	\$ 3,500,000
Eagle River/Chugiak High School	\$ 14,563,500
East High School, Phase I	\$ 7,295,400
Service High School, Phase I	\$ 4,998,000
Wendler Middle School, Phase I	\$ 4,231,500
Denali Elementary, Replacement	\$ 8,211,000
District Wide Projects/ Major Maintenance Mat-Su Schools	\$ 11,730,600
Mat-Su - Fire Alarm Sys - 5 schools	\$ 620,648
Mat-Su - Colony High School Septic Sys	\$ 159,416
Mat-Su - Fuel Tank Replace	\$ 126,261
Mat-Su Fire Sprinklers & Piping (3)	\$ 1,381,770
Mat-Su Boiler/Heater Replace (4 schools)	\$ 221,051
Mat-Su Carpet Replace (6 schools)	\$ 423,507
Fairbanks - North Star Borough Schools	
Districtwide Major Maintenance	\$ 750,000
Lwr Yukon - Pilot Station School Replacement	\$ 17,654,003
Northwest Arctic Schools	
Ambler K-12 Improvements	\$ 924,586
Kiana K-12 Improvements	\$ 1,395,000
Kashunamiut - Chevak School Replacement	\$ 28,272,551
Lwr Yukon - Kotlik School Replacement	\$ 17,910,901
Elim School Phase III	\$ 12,146,788
Southwest Region Schools	
Manokotak School Replacement	\$ 14,689,464
Pribilof Island - St. George School Remodel	\$ 4,385,970
	<u>\$ 165,803,767</u>

HOUSE BILL 281 TOBACCO BOND PROJECT LIST

UNIVERSITY

<u>Project Name</u>	<u>Project Cost</u>
University of Alaska - Southeast	
Deferred Maintenance	\$ 684,774
Renewal & Replacement	\$ 687,200
Code Compliance	\$ 315,890
Avtec - Seward	
Student Housing	\$ 4,200,000
University of Alaska - Anchorage	
Consortium Library	\$ 36,000,000
Deferred Maintenance	\$ 1,570,000
Renewal & Replacement	\$ 2,500,000
Code Compliance	\$ 150,000
Mat-Su Ortner Building Replacement	\$ 685,000
University of Alaska - Fairbanks	
Deferred Maintenance	\$ 19,455,406
Renewal & Replacement	\$ 1,600,000
Code Compliance	\$ 4,143,648
	<u>\$ 71,991,908</u>

PORTS and HARBORS

HARBORS TRANSFER PLAN

<u>Project Name</u>	<u>Project Cost</u>
Ketchikan	\$ 7,000,000
Petersburg	\$ 3,300,000
Juneau Area Harbors	
Auke Bay Harbor	\$ 492,325
Douglas Dock / Harbor	\$ 1,241,421
Taku Harbor	\$ 38,566
Klawock	\$ 860,000
Seldovia	\$ 2,500,000
Whittier	\$ 1,835,600
Valdez	\$ 3,013,500
Cordova	\$ 4,337,800
Nome	\$ 1,000,000

CORPS OF ENGINEERS MATCH

<u>Project Name</u>	<u>Project Cost</u>
Program Formulation	\$ 100,000
Ketchikan Harbor Study	\$ 200,000
Wrangell	\$ 500,000
Kake	\$ 404,000
Metlakatla - Tamgass	\$ 850,000
Ouzinkie	\$ 1,300,000
Seward Harbor Expansion	\$ 2,925,000
Perryville Harbor Feasibility	\$ 102,100
	<u>\$ 32,000,312</u>

GRAND TOTAL

\$ 269,795,987

WOHLFORTH, VASSAR, JOHNSON & BRECHT

A PROFESSIONAL CORPORATION

JULIA J. BRECHT
CERVELIA RAWLS BRUUNING
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ATTORNEYS AT LAW

900 WEST 8TH AVENUE, SUITE 600
ANCHORAGE, ALASKA 99501-3040

TELEPHONE
907.570.4591
FACSIMILE
907.570.6033

April 19, 2000

Daniel R. Fauske
Chief Executive Officer/Executive Director
Alaska Housing Finance Corporation
4300 Boniface Parkway
Anchorage, Alaska 99504

Re: Tobacco Settlement Legislation; Our File No. 3598.0001

Dear Mr. Fauske:

At your request, we have reviewed various drafts of legislation (the "Legislation") under consideration at the Second Session of the Twenty-First Alaska Legislature to authorize the Commissioner of Revenue to sell to AHFC the right to receive all or a part of the settlement proceeds (the "Assets") to be derived from a certain settlement among various tobacco companies and the State of Alaska along with other States (the "Settlement"). The Legislation contemplates that AHFC will pay approximately \$269,000,000 for the purchase of the Assets. AHFC will pay for the Assets using proceeds of bonds (the "Bonds") to be issued by AHFC. The proceeds will be made available to pay costs of various State projects; the application of those proceeds to payment of those costs is stated in the Legislation to be subject to appropriation.

You have asked whether we believe that any of the drafts we have reviewed create a dedicated fund problem under Article IX, Section 7, of the Alaska Constitution. We do not.

There is no provision of the Alaska Constitution which prevents the State from selling or otherwise disposing of its assets. The right to receive payments under the terms of the Settlement is an asset. AHFC is a public corporation of the State with a legal existence independent of and separate from the State and with sufficient legal power to acquire the Assets from the State. The sale of the Assets to AHFC separates those assets from the State's assets generally and frees them to be pledged to bondholders by AHFC. The dedicated fund prohibition does not apply to these assets or to the pledge by AHFC of its assets to bondholders.

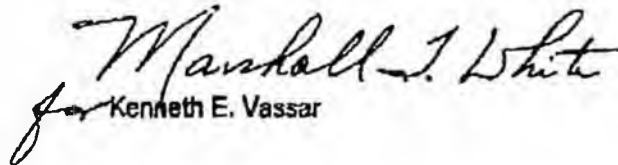
Daniel R. Fauske
Alaska Housing Finance Corporation
Re: Tobacco settlement legislation
April 19, 2000
Page 2

We would come to this conclusion absent any bonding issues. However, the anticipated bonding confirms the conclusion. The Alaska Constitution, at Article IX, Section 11, specifically contemplates that the State and public corporations of the State have the power to issue revenue bonds. Revenue bonds are bonds that are secured by a pledge of a particular flow of revenues. If the revenue flow cannot be pledged to the payment of the revenue bonds (which is the case if the pledge were considered to be a prohibited dedication of funds), then this section of the State constitution would be meaningless.

For these reasons, we conclude that the Legislation will not violate the Alaska Constitution's dedicated fund prohibition.

Sincerely,

WOHLFORTH, VASSAR,
JOHNSON & BRECHT


for Kenneth E. Vassar

To: Alaska State Legislature Finance Committec

From: Kodiak High School Student Body

Joey Hutcherson

Curtis Mortenson

Lee Ann Schmelzenbach

Date: April 19, 2000

Subject: IMPORTANT DOCUMENTS FOR HSB 281

Memo:

Please give a copy to each member of the Finance Committee. Hard copies are to follow and will be in the hands of Senator Mackie and Representative Austerman.

Thank you for all of your support. If you need to contact any of us, you may call Kodiak High School at 1-(907)-486-9211, or contact Joey Hutcherson at 1-(907)-486-9409.

April 19, 2000

Dear Senator Mackle and Representative Austerman:

We, the student body of Kodiak High School, are writing to you, the State of Alaska Legislature, in support of House Bill 281. This Bill is important to the safety and well-being of the students and faculty at our school. Our education is being disrupted due to the deterioration water has caused to our facility. The roof of Kodiak High School poses a threat to the safety of students, decreases our school morale, and continues to be hazardous to classroom equipment, flooring, and our fire alarm system.

In all schools, safety is of the utmost importance. Students should be able to attend school without their health and safety being at risk. In our school, the severe water leaks make it unsafe to travel through wet hallways. In several places throughout our building, water damaged ceiling tiles have fallen on the heads of both students and faculty. Wet, slick tile floors make crowded passing periods dangerous for everyone. Buckets that are placed in order to catch water dripping from the ceiling also obstruct hallway movement; therefore becoming a potential fire hazard. Although we are all very aware of the slick areas in our school, we feel that it is only a matter of time before someone is seriously hurt.

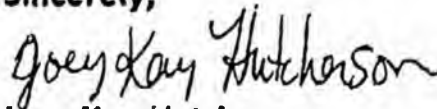
The leaking problem in Kodiak High School also has the potential to damage expensive equipment such as computer hardware, utility wiring, and most importantly, our fire alarm system. One of the worst portions of our roof is directly above the Drafting CAD lab. This lab contains over \$50,000 of equipment and is in great risk of being severely damaged by the water leaks. Another concern is with the damage that is caused to our wiring system. This system includes our electricity, telephone, and fire alarm wiring. All of these are essential to every day school functions.

Our flooring is a financial and safety issue also related to our roof. Much of the carpeting in our school has been safely placed over asbestos tiling. As the water destroys various sections of our carpet, we'll be forced to follow through with asbestos abatement to remove and replace it. This is an expensive and dangerous project that can be avoided. Asbestos is located both under our water-logged carpet and is bound in the matrix of our roof.

We hope that you will support House Bill 281. This bill is important to the safety of students and faculty at Kodiak High School. It is important to us, the student body of Kodiak High School, that all students throughout the state are able to attend a school with a safe learning environment. Please support funding for maintenance to school facilities such as ours.

Thank you for all the hard work you do for us.

Sincerely,



Joey Kay Hutcherson
Former Student Body President



Curtis Mortenson
Junior Class Vice President

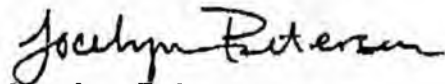


Lee Ann Schmelzenbach
Student Body Public Relations Officer

Approved by Kodiak High School Student Government on April 19, 2000.



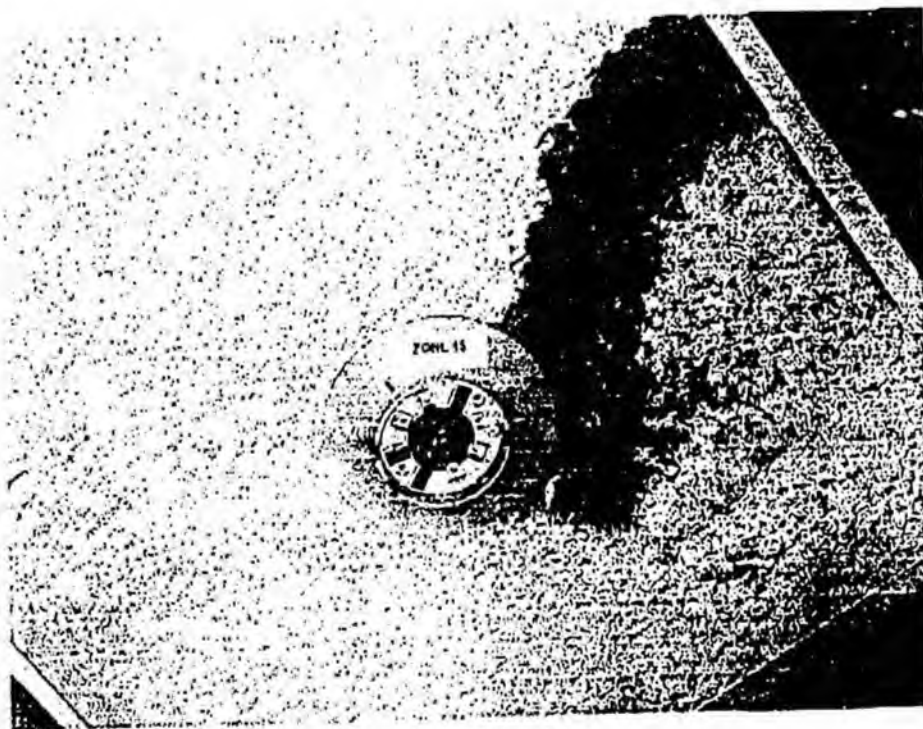
Ryan Boudreau
Student Body President



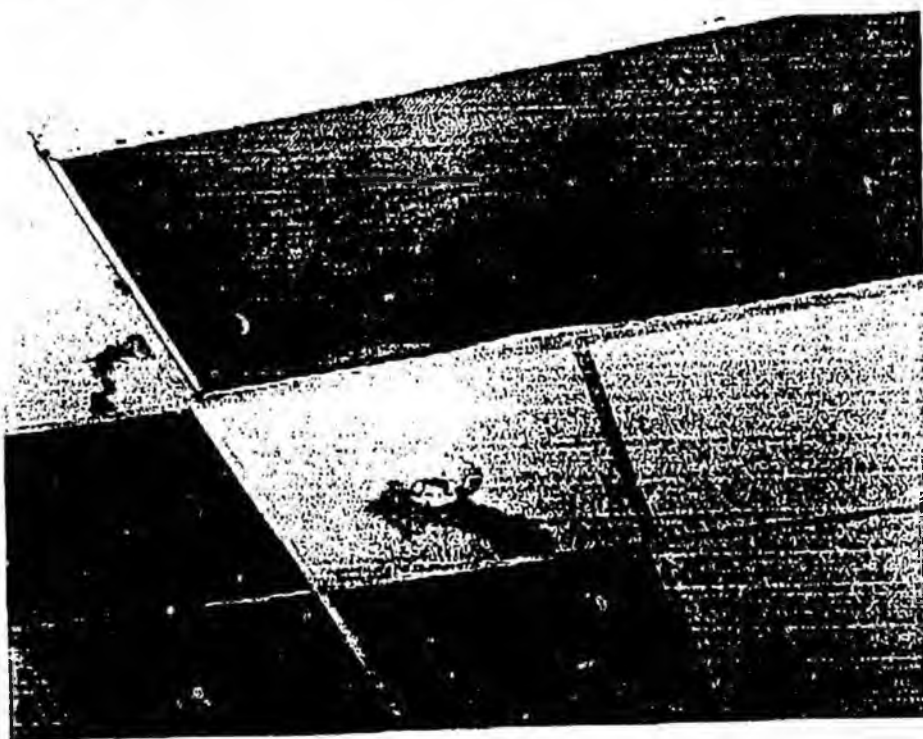
Jocelyn Peterson
Student Body Secretary

CC: Alaska State Legislature Finance Committee Members
Superintendent Betty Walters

Photo Attachments

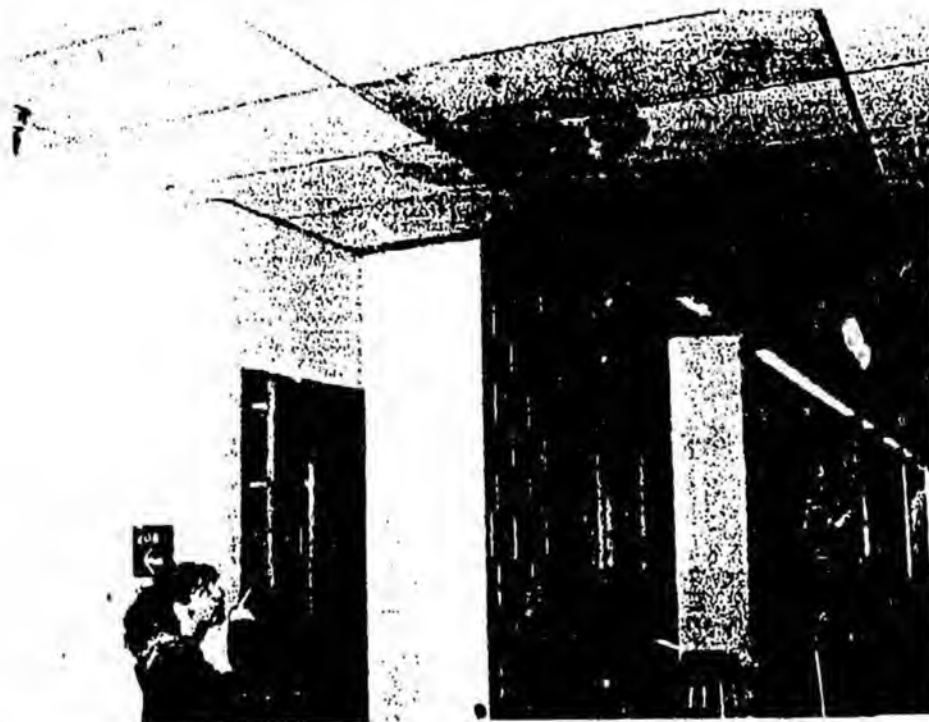


Water dripped into this fire alarm in the freshman hallway.



Water damage to this light fixture is also close to a fire alarm.

Balcony ceiling outside of English class.

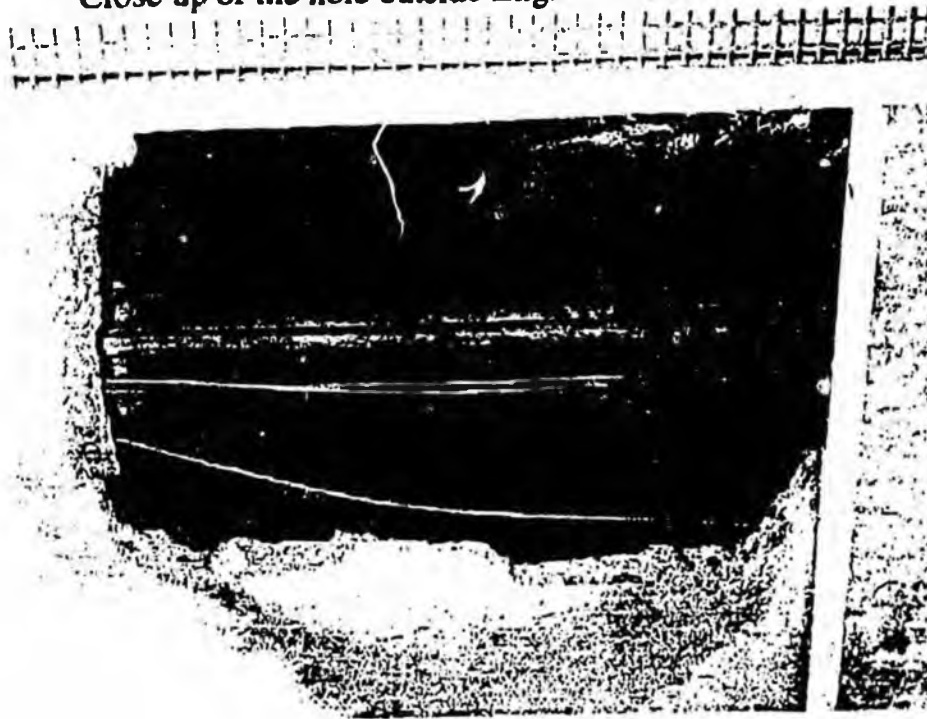


Leak and ceiling tile with bucket to

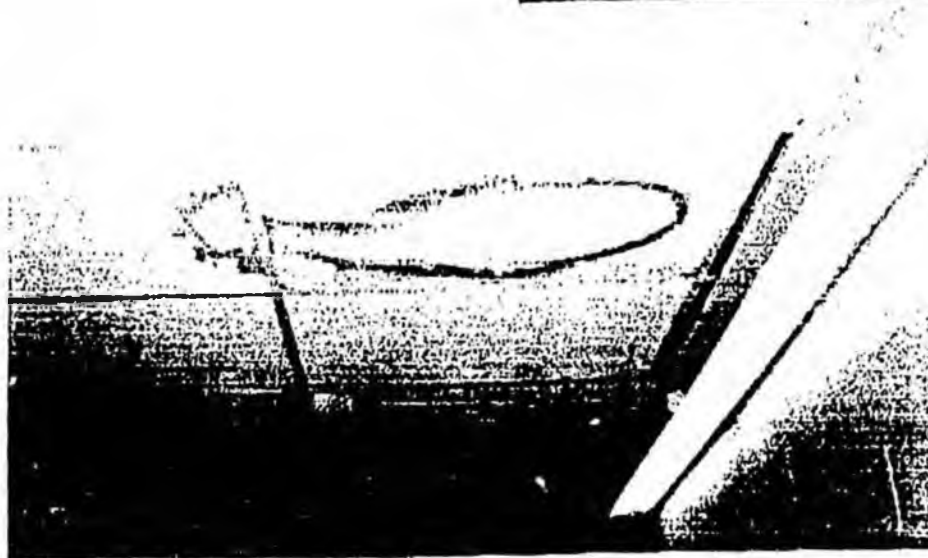
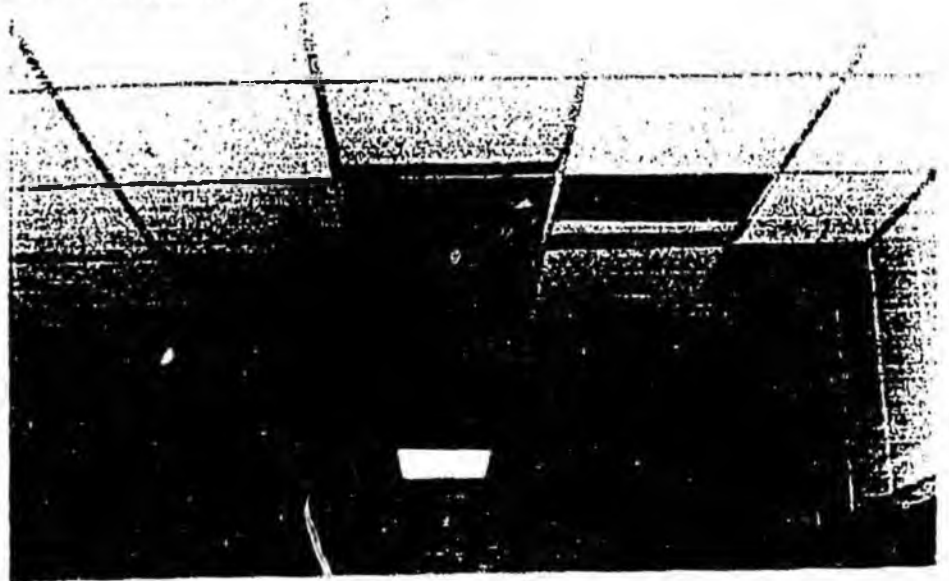


Water stains on wall from leak.

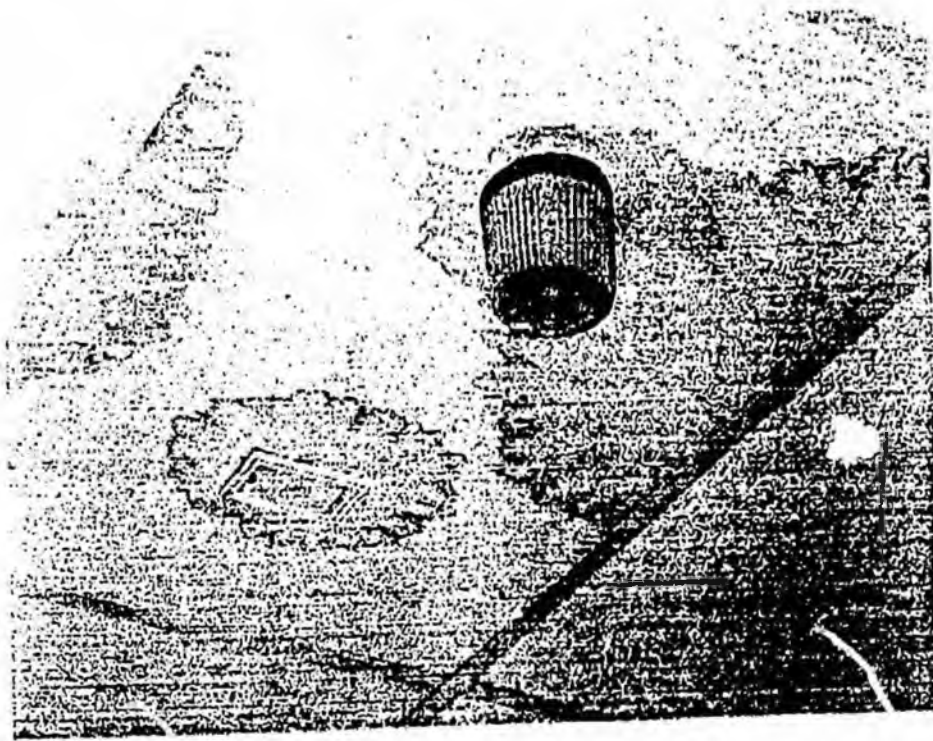
Close up of the hole outside English classroom.



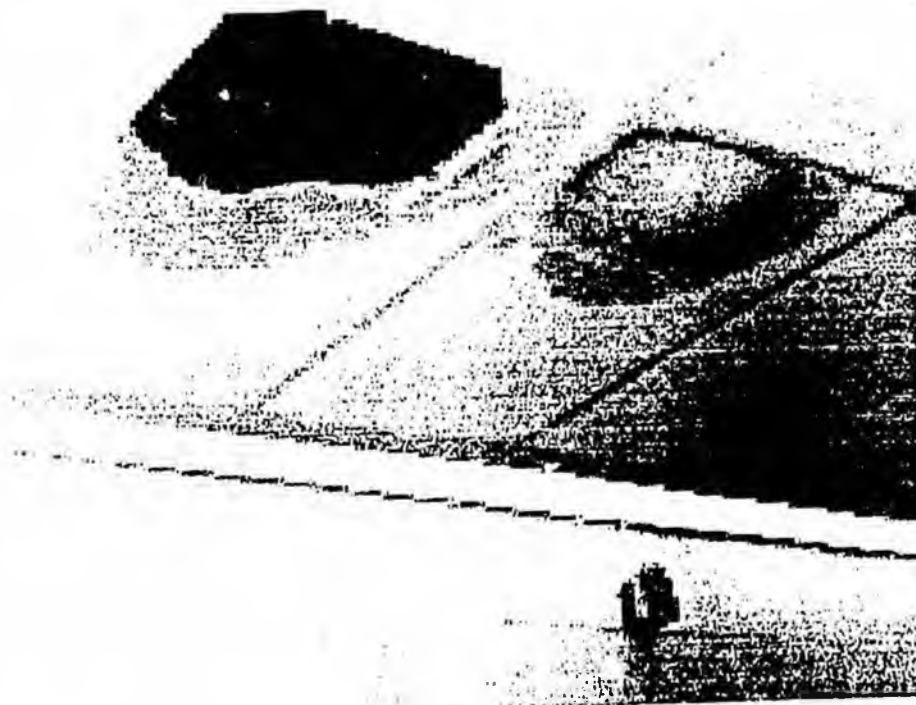
Freshman Hallway ceiling after fallen tiles were removed.



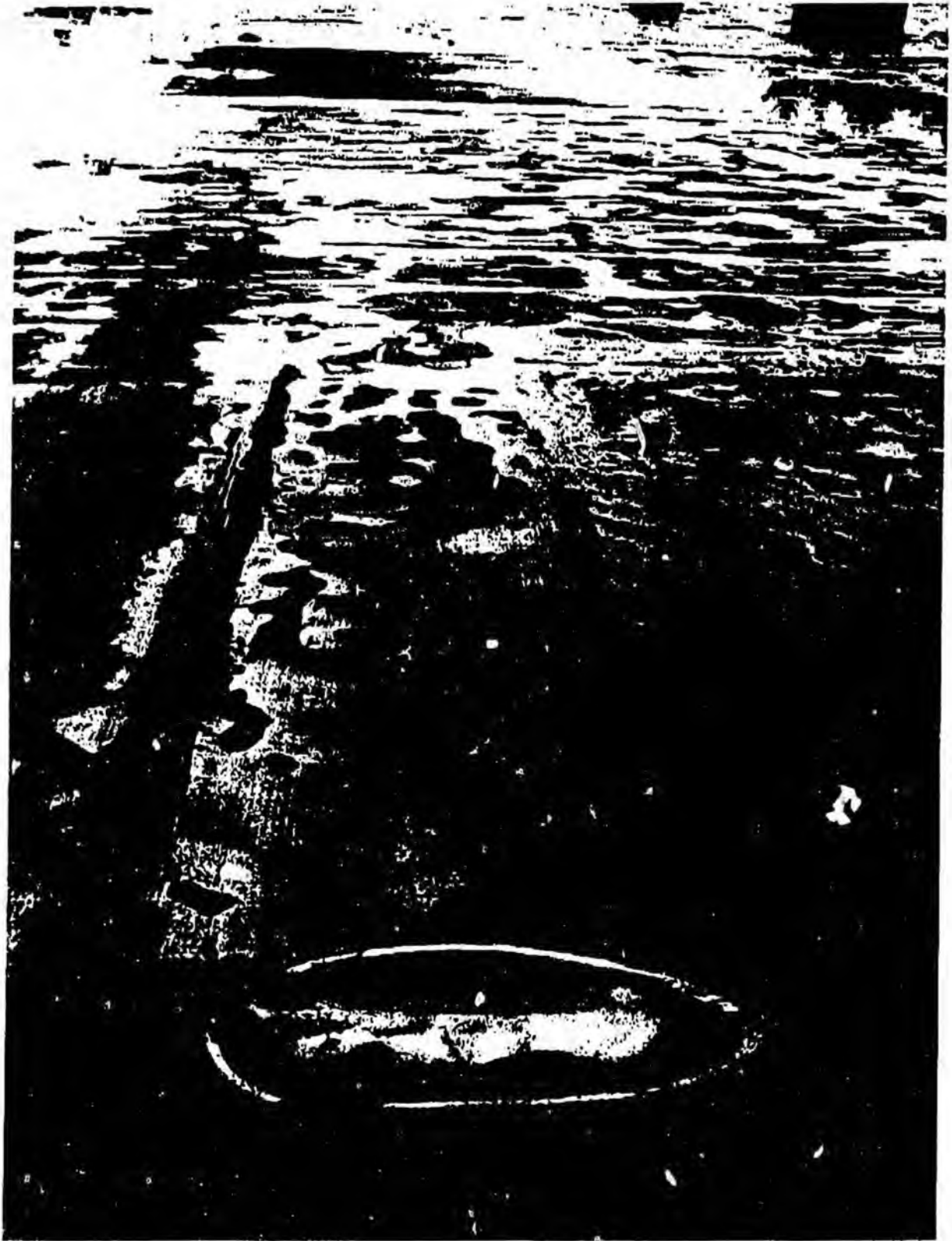
Bulging tile outside of one set of the gym doors.

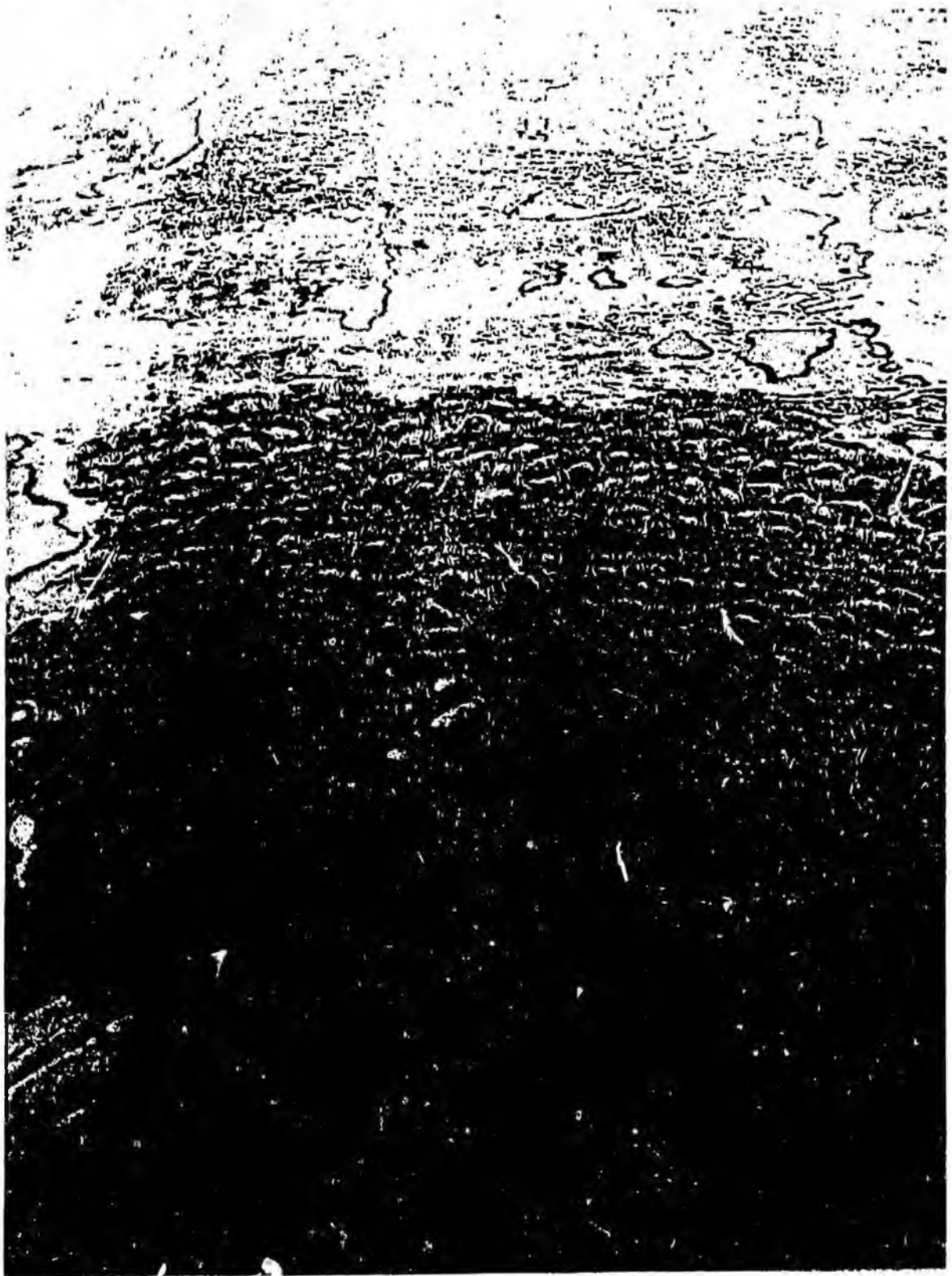


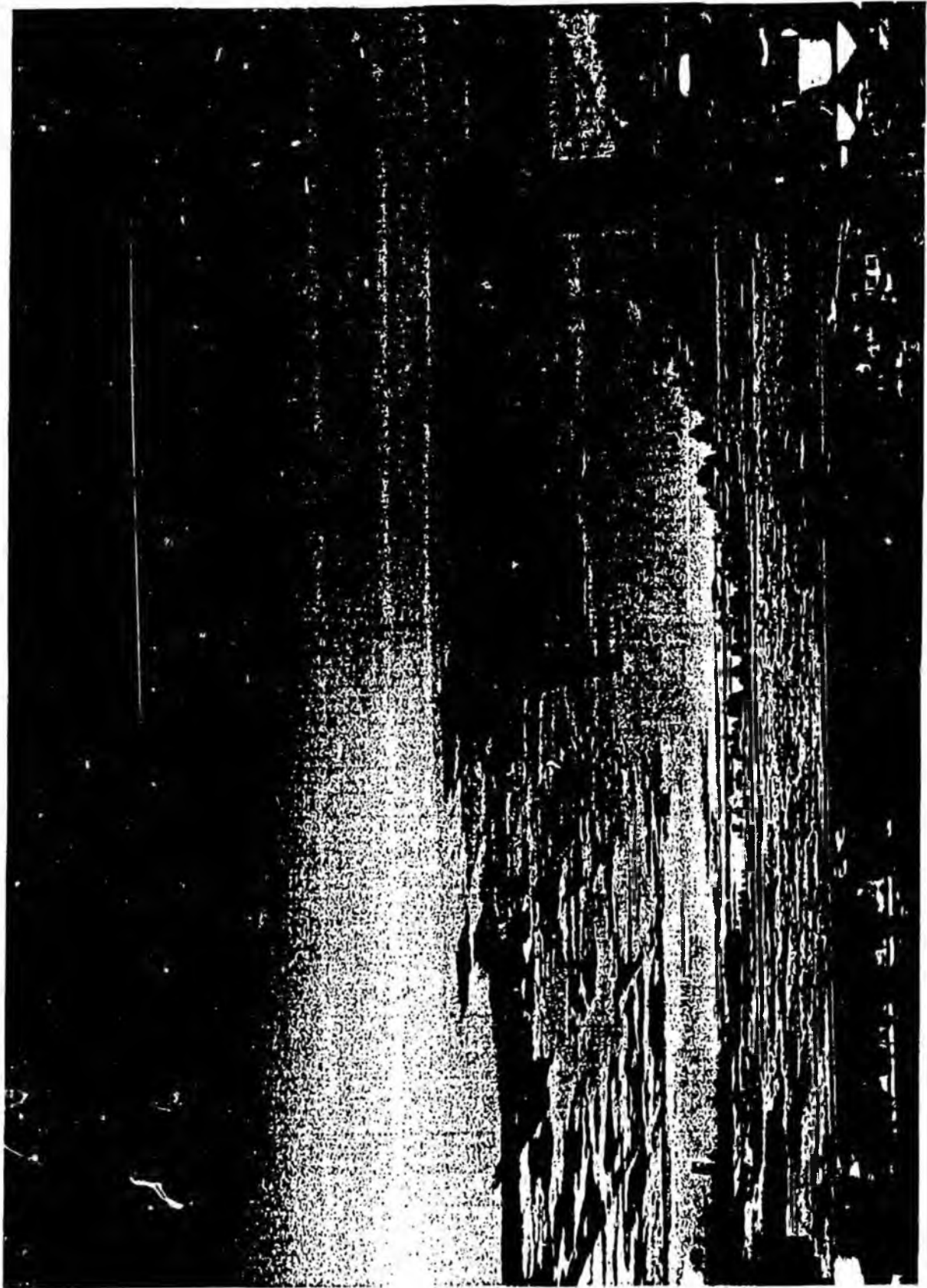
Water damage around light and light-fixture in front of main doors located by main office.

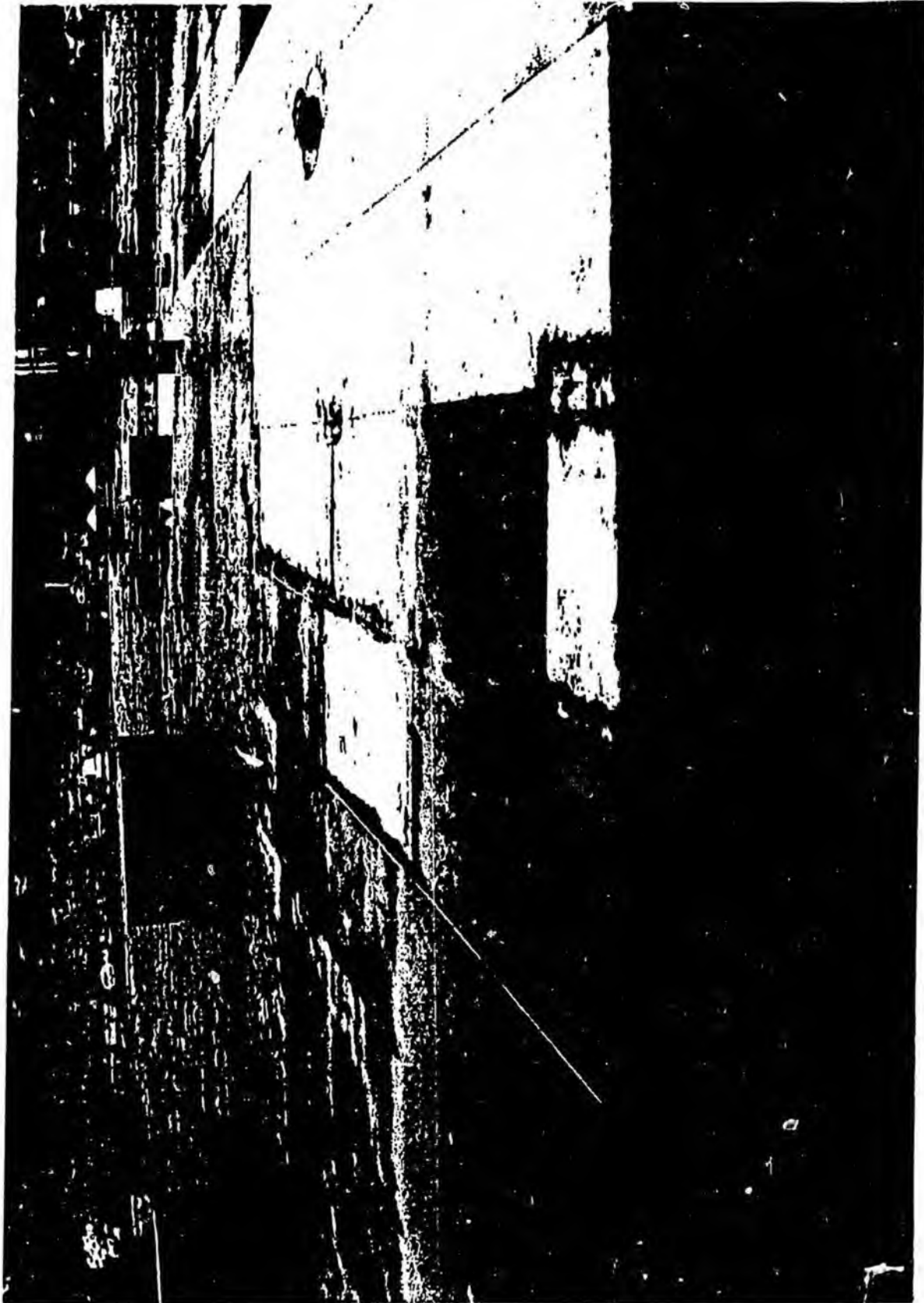


Hole in ceiling tile in front of doors that go from our auditorium foyer to main high school foyer. students must pass under this hole when attending choir, band or drama classes.









HOUSE BILL 281 TOBACCO BOND PROJECT LIST

SCHOOLS

<u>Project Name</u>	<u>Project Cost</u> <u>State Share</u>
Petersburg - Fascia/Soffit Repr/Replace Juneau Schools	\$ 112,960
Auke Bay Elem Roof Replacement	\$ 653,842
Marie Drake Roof Replacement	\$ 599,501
Harborview Elem Gym Replacement	\$ 106,604
High School Heating/Ventilation	\$ 65,303
High School Aux Gym Floor Replacement	\$ 109,386
Floyd Dryden Sch Gym Floor	\$ 108,236
Gastineau Elem Heating Coil Replacement	\$ 133,053
Floyd Dryden Middle School Renovation	\$ 3,629,683
Kake City - Kake Elementary School Addition	\$ 2,237,460
Kodiak Island Schools	
Peterson Elem Addition	\$ 756,000
Kodiak High School	\$ 1,106,875
Kenai/ Soldotna Schools	
McNeil Elem Wastewater Plant	\$ 125,300
Kenai Central High School Reinsulate Ext Walls	\$ 367,648
Soldotna High School Roofing Replacement	\$ 644,014
Anchorage Schools	
Bartlett High School, Phase I	\$ 3,500,000
Eagle River/Chugiak High School	\$ 14,563,500
East High School, Phase I	\$ 7,295,400
Service High School, Phase I	\$ 4,998,000
Wendler Middle School, Phase I	\$ 4,231,500
Denali Elementary, Replacement	\$ 8,211,000
District Wide Projects/ Major Maintenance	\$ 11,730,600
Mat-Su Schools	
Mat-Su - Fire Alarm Sys - 5 schools	\$ 620,648
Mat-Su - Colony High School Septic Sys	\$ 159,416
Mat-Su - Fuel Tank Replace	\$ 126,261
Mat-Su Fire Sprinklers & Piping (3)	\$ 1,381,770
Mat-Su Boiler/Heater Replace (4 schools)	\$ 221,051
Mat-Su Carpet Replace (6 schools)	\$ 423,507
Lwr Yukon - Pilot Station School Replacement	\$ 17,654,003
Northwest Arctic Schools	
Ambler K-12 Improvements	\$ 924,586
Kiana K-12 Improvements	\$ 1,395,000
Kashunamiut - Chevak School Replacement	\$ 28,272,551
Lwr Yukon - Kotlik School Replacement	\$ 17,910,901
Elm School Phase III	\$ 12,146,788
Southwest Region Schools	
Manokotak School Replacement	\$ 14,689,464
Pribilof Island - St. George School Remodel	\$ 4,385,970
	<u>\$ 165,597,781</u>

Rev

HOUSE BILL 281 TOBACCO BOND PROJECT LIST

UNIVERSITY

<u>Project Name</u>	<u>Project Cost</u>
University of Alaska - Southeast Deferred Maintenance	\$ 1,687,854
Avtec - Seward Student Housing	\$ 4,200,000
University of Alaska - Anchorage Consortium Library	\$ 36,000,000
Deferred Maintenance	\$ 4,220,000
Mat-Su Ortner Building Replacement	\$ 685,000
University of Alaska - Fairbanks Deferred Maintenance	\$ 25,199,054
	\$ 71,991,908

PORTS and HARBORS

HARBORS TRANSFER PLAN

<u>Project Name</u>	<u>Project Cost</u>
Ketchikan	\$ 7,000,000
Petersburg	\$ 3,300,000
Juneau Area Harbors	
Auke Bay Harbor	\$ 492,325
Douglas Dock / Harbor	\$ 1,241,421
Taku Harbor	\$ 38,566
Klawock	\$ 867,000
Seidovia	\$ 2,500,000
Whittier	\$ 1,835,600
Valdez	\$ 3,013,500
Cordova	\$ 4,337,800
Nome	\$ 1,000,000

CORPS OF ENGINEERS MATCH

<u>Project Name</u>	<u>Project Cost</u>
Program Formulation	\$ 100,000
Ketchikan Harbor Study	\$ 200,000
Wrangell	\$ 500,000
Kake	\$ 404,000
Metlakatla - Tamgass	\$ 850,000
Ouzinkie	\$ 1,300,000
Seward Harbor Expansion	\$ 2,925,000
Perryville Harbor Feasibility	\$ 102,100
	\$ 32,000,312

GRAND TOTAL

\$ 269,590,001