

HB

421



Alaska Permanent Fund Corporation

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February 14, 2006

Senator Gary Wilken
State Capitol, Room 518
Juneau, Alaska 99801-1182

Dear Senator Wilken:

I have outlined below additional information to support the Corporation's request for \$550,000 in the fast track supplemental, to retain the services of an independent investment consultant/financial advisor. The advisor will have experience in education, analysis and valuation to assist in evaluating an investment in the potential Alaska gas pipeline. Our objective is to make sure the Board of Trustees are prepared to evaluate a proposal as soon as it is made available to us.

- 1) This request is from the Corporation and would be funded by corporate receipts (investment income), the same as our operating budget.
- 2) The amount of \$550,000 is a rough estimate. Given that we do not know the details or timing of an agreement to build a gas line it is difficult to estimate. The actual amount expended in FY06 could be considerably less if just the education portion is completed this year.
- 3) Our FY06 operating budget contained approximately \$300,000 for pre-investment due diligence work. This amount has already been expended to research and make an offer to buy a co-controlling interest in a large real estate housing business. If this investment is not completed the due-diligence costs are charged to the operating budget. The real estate deal is expected to close by the end of March. However, there are some outstanding issues that could preclude closing. To be assured funds are available to enter into a contract for a gas line advisor, an early supplemental appropriation is needed. If the funds are not expended the dollars would remain in the Permanent Fund.

Thanks for your consideration of this request.

Sincerely

Michael J. Burns
Chief Executive Officer

FY2006 FAST TRACK SUPPLEMENTALS
HB 421 / SB 264

2-14-05

	A	B	C	D	E	F	G	H	I	J	K
	Sec. No.	Amd. Date	Amd No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1	1			Admin	Capital	Begin telephone system replacement and stabilization phase 1 project in FY2006 The FY2007 capital project request of \$15 million for this project will be reduced by \$1 million. The state is facing serious issues on the existing nearly 13-year-old Private Branch Exchange (PBX) telephone switches in Juneau, Anchorage and Fairbanks that support approximately 15,000 telephones in those locations. The current provider will not support the system after April 1, 2005.			1,000.0	Information Services Fund	1,000.0
2	2(a)			Commerce	Office of Economic Development	The Office of Economic Development is hosting an event at the Boston International Seafood Show that promotes the uniqueness of wild Alaska seafood on March 13, 2005.			75.0	Statutory Designated Program Receipts Supported Services	75.0
3	2(b)			Commerce	Alaska Seafood Marketing Institute	Increase RSS match for the Alaska Seafood Marketing Institute's export marketing program, which received a federal increase in January 2006. Advance notification to public relations contractors is required, therefore March approval is requested.			395.0	Statutory Designated Program Receipts Supported Services	395.0
4	3(a)			Corrections	Out-of-State Contractual	Timely payments are essential in complying with contractual requirements agreed upon for housing Alaska inmates. The increased prison population has mandated the department obtain additional beds out-of-state, up to a total of 1,000 prisoners by year-end. The current contract is written for 760 beds while the department estimates a need for 850 beds by March and 1,000 beds by June 30.	1,168.7				1,168.7
5	3(b)			Corrections	Inmate Health Care	The department is estimating that they will potentially run out of funds available to pay contract and medical providers as early as March, 2006. The additional funding is needed to meet the medical obligations for the aging and increased prison population and for the sharp increase in the number of inmates needing dialysis, cancer treatment, and treatment for other life-threatening conditions, along with the increased cost for providing those medical services.	2,600.0				2,600.0
6	3(c)			Corrections	Inmate Health Care	Funding is needed to pay three contractors and several fee-for-service providers for services rendered prior to 6/30/2005. These providers have not been paid and are charging interest for non payment. Prompt payment would avoid further interest charges.	755.0				755.0
7	4(a)			Fund Transfer	Disaster Relief Fund	Funding needed for: 1) 2002 Kenai Peninsula Flood shortfall \$160.3 2) 2004 Bering Strait Sea Storm - additional federal project funding was approved Jan. 2006, 25% match is required \$839.6 3) 2005 Spring Flood Funding (Emmonak, Alakanuk and McGrath) shortfall \$553.7 4) 2005 West Coast Storm (Nome area) \$1,599.5 5) 2005 Southeast Storm \$1,084.6 6) Less the unobligated balance of \$93.9 in the fund The department will be unable to continue meeting disaster related expenditures until the supplemental is approved.	4,143.8				4,143.8
8	4(b)			Fund Transfer	Information Services Fund	Capitalize Information Services Fund for FY05 implementation of the telephone system replacement and stabilization phase 1 capital project.	1,000.0				1,000.0
9	5			Law	Civil Division, Dep'ty Attorney General's Office	Judgments and Claims - actual amount is \$2,621,985.48	2,622.0				2,622.0
10	6(a) - (c)			Natural Resources	Parks Management	Parks revenue collection shortfall. Need by March 31, 2005 to maintain the planned service levels.	350.0		(350.0)	Receipt Supported Services	0.0
11	6(a) - (c)			Natural Resources	State Historic Preservation Program	Change structure to put Parks components into Resource RDU to help maintain the planned service levels in State Parks. Need by March 31, 2005.					0.0
12	6(b) - (c)			Natural Resources	Parks Management	Change structure to put Parks components into Resource RDU to help maintain the planned service levels in State Parks. Need by March 31, 2005.					0.0
13	6(a) - (c)			Natural Resources	Parks and Recreation Access	Change structure to put Parks components into Resource RDU to help maintain the planned service levels in State Parks. Need by March 31, 2005.					0.0
14	7			Public Safety	Council on Domestic Violence and Sexual Assault	This request would provide funding to maintain the operation of the Kotzebue domestic violence shelter. Program previously funded by a HSS grant that has since been determined to be an allowable use of federal funds.	350.0				350.0
15	8			Revenue	APEG Operations	Gasoline Investment Determination Costs			550.0	Perm Funds Corp Receipts	550.0
16	9(a)			Transportation	Capital - Highways and Aviation	Whittier Tunnel portal jet fan replacement due to catastrophic failure of the #2 portal jet fan. Jet fans are necessary to operate the Whittier Tunnel as they force the carbon monoxide gases out of the tunnel. There are two fans at each end of the tunnel - one is for normal use and the other is required backup during repair or failure of the other. Without this second fan, the tunnel must be closed to accommodate any maintenance of the remaining fan.	504.2				504.2
17	9(b)			Transportation	Capital - Airport Improvement Program Appropriation	The Airport Improvement Program appropriation will increase by \$15,100.0 from \$470,100.1 to \$485,200.1 because of the increases in the allocations listed below.					0.0
18	9(c)			Transportation	Capital - Airport Improvement Program Allocation	Amended Cordova Airport Runway Safety Area Expansion		3,000.0			3,000.0
19	9(d)			Transportation	Capital - Airport Improvement Program Allocation	New Unalakleet Airport Paving		12,100.0			12,100.0
20	9(e)			Transportation	Capital - Surface Transportation Program	The Surface Transportation Program appropriation will increase by \$15,000.0 from \$373,601.7 to \$388,601.7 because of the increase in the allocation listed below.					0.0

FY2006 FAST TRACK SUPPLEMENTALS

HB 421 / SB 264

	A	B	C	D	E	F	G	H	I	J	K
	Sec. No.	Amd. Date	Amd No.	Department	RDU or Component or Capital	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1											
22	9(i)			Transportation	Capital - Surface Transportation Program Allocation	Amended National Highway System (NHS) and Non-NHS Pavement and Bridge		15,000.0			15,000.0
23	10				Lapse of Appropriations	Refurbishment					
24	11				Effective date of March 15, 2006						
25						Fast Track Supplemental Total	13,493.7	30,100.0	1,670.0		45,263.7
26	Amendments:										
27		02/05/05	DOT A	Transportation	Capital - Airport Improvement Program Appropriation	The Airport Improvement Program appropriation will increase by \$1,500.0 from \$485,250.1 to \$486,750.1 because of the increase in the allocation listed below.					
28		02/06/05	DOT A	Transportation	Capital - Airport Improvement Program Allocation	Amended Kotzebue Sand Building Early approval of this project will allow a contract to be awarded in April 2006. Then there will be time for the contractor to order, obtain and barge the materials before freeze up in 2006 to avoid losing a season of construction time.		1,500.0			1,500.0
29		02/14/06	Law A	Law	Civil Division, Deputy Attorney General's Office	Judgments and Claims - actual amount has increased by \$647,050.25 from \$2,621,985.48 to \$3,269,035.73	647.1				
30						Amended Fast Track Supplemental Total	14,140.8	31,600.0	1,670.0		46,761.7

Change Record Detail With Description

Department of Law

Scenario: FY2006 Supplemental Fast Track -Governor (5137)

Decision: None

Component: Deputy Attorney General's Office (2205)

Category: None

RDU: Civil Division (35)

Subcategory: None

New GF Revenue:

Title: AMD: Judgment and Claims as of February 14, 2006

New Other Revenue:

Short Title:

Brief Description: FY06 Judgments and Claims

	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants & Benefits	Misc./Debt Service	Positions		
										PFT	PPT	NP
	Suppl	647.1	0.0	0.0	647.1	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund	647.1											
This amendment adds \$647,050.25 to the original FY2006 Judgments and Claims request of \$2,621,985.48, bringing the new FY2006 total for Judgments and Claims that are finalized as of February 14, 2006 to \$3,269,035.73.												
	Totals	647.1	0.0	0.0	647.1	0.0	0.0	0.0	0.0	0	0	0

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Department of Law

FY2006 Judgments & Claims - General Funds

Case #	Case Name	Description	Date	Amount	Interest	Total
1	Michael Heiser itf Gail and Robert Bryant Gail and Robert Bryant v. State	Settlement in personal injury case involving Ketchikan Pioneers' Home	11/28/2005	\$32,000.00	\$815.41	\$32,815.41
2	Beard Stacey Trueb and Jacobsen itf Alfred E. Gordon III Gordon III v. State, AMHS	Settlement in personal injury case involving slip and fall on the M/V Taku	11/2/2005	\$52,000.00	\$1,168.22	\$53,168.22
3	Kevin Morford Green and Republican Moderate Party v. State, Div. of Elections	Fees and costs in challenge to constitutionality of Alaska's modified closed primary	4/22/2004	\$14,920.68	\$1,477.76	\$16,398.44
4	Kevin Morford State v. Green Party	Fees and costs in challenge to constitutionality of Alaska's modified closed primary - Supreme Court	9/14/2005	\$12,055.15	\$439.68	\$12,494.83
5	Mark D. Osterman Law Office Bartlett v. State, CSSD	Fees and costs in issue under Uniform Interstate Family Support Act regarding one enforceable child support order	12/16/2005	\$1,553.45	\$31.92	\$1,585.37
6	Valley Hospital Association ITMO Valley Hospital Medicaid Rate Appeal	Attorneys fees in challenge to DHSS regulations in setting Medicaid rates for 2001	8/9/2005 and 2/9/2003	\$9,225.20	\$2,201.08	\$11,426.28
7	Michael Jungreis Sean Halloran v. State, Div. of Elections	Attorneys fees in lawsuit involving lack of nonpartisan primary ballot upon which to vote solely for initiative measures.	9/27/2005	\$33,175.50	\$1,136.15	\$34,311.65
8	Robinson & Associates itf Dean Anderson and Michael Grunert Dean Anderson & Michael Grunert v. State, Board of Fish	Fees and costs in challenge to a 2002 regulation establishing an opportunity for a cooperative commercial salmon fishery in the Chignik Management Area	7/19/2005	\$7,676.66	\$354.91	\$8,031.57
9	Robinson & Associates itf Michael Grunert Michael Grunert v. State, Board of Fish	Fees and costs in challenge to a 2002 regulation establishing an opportunity for a cooperative commercial salmon fishery in the Chignik Management Area - Supreme Court	6/2/2005	\$1,708.49	\$105.92	\$1,814.41
10	Law Offices of Ted Stepovich itf John F. Sponaugle John F. Sponaugle v. State, Corrections	Settlement in medical malpractice in inmate case involving ileostomy	5/5/2005	\$215,000.00	\$12,701.20	\$227,701.20

Department of Law

FY2006 Judgments & Claims - General Funds

#	Case Name	Description	Date	Amount	Interest	Total
11	Winner & Associates itf for A.V.; B.S.; & K.F. Jane Doe 1; Jane Doe 2; and Jane Doe 3 v. Daniel Scott and Dept of Public Safety	Settlement in personal injury case related to criminal sexual assault and kidnapping charges brought against Trooper Daniel L. Scott	5/27/2005	\$425,000.00	\$23,505.99	\$448,505.99
12	Law Offices of Calvin P. Vance itf plaintiff A. A. v. State, DHSS, DFYS	Settlement in negligence claim brought by minor who shot and killed his father	9/7/2005	\$227,000.00	\$8,551.37	\$235,551.37
13	Winfree Law Office Doe v. State, Department of Public Safety	Public Interest Litigant's award in sex offender registration case	9/27/2005	\$43,133.90	\$1,181.75	\$44,315.65
14	Lee Holen and Robert Hammond Robert Hammond v. State, DOTPF	Settlement in whistleblower	1/9/2006	\$164,127.80	\$3,417.53	\$167,545.33
15	Cooke Roosa & Valcarce itf for J.J. & A.S. Jane Does 1 and 2 v. Department of Public Safety and Daniel Scott	Personal injury case related to criminal sexual assault and kidnapping charges brought against Trooper Daniel L. Scott	5/27/2005	\$365,500.00	\$20,215.15	\$385,715.15
16	Cooke Roosa & Valcarce itf Earlene Wise Earlene Wise v. State	Settlement in personal injury case related to state employee colliding with a parked vehicle in Aniak	1/13/2006	\$50,000.00	\$1,039.73	\$51,039.73
17	Michael Hough Trust Account Fellows Fisheries v. State	Settlement in loss of catch case involving the collision of a fishing vessel with a patrol vessel		\$94,500.00	\$0.00	\$94,500.00
18	Disability Rights Association Alexander Noon v. State Board of Education	Settlement in a challenge to the application of the high school exit exam to children with disabilities	10/3/2005	\$284,497.42	\$6,003.13	\$290,500.55
19	Law Offices of Don Clocksin itf Robert Bacolas Bacolas v. State	Wrongful Discharge	7/8/2005	\$427,103.93	\$20,550.72	\$447,654.65
20	Darryl Thompson John Doe v. Tandeske	Challenge to DNA sample required of sex offenders	6/9/2005	\$36,765.00	\$1,024.18	\$37,789.18
21	Darryl Thompson John Doe III v. Tandeske	Challenge to sex offender registration	4/26/2005	\$18,531.00	\$589.50	\$19,120.50
22	Patrick McKay and Insurance Annuity to be determined Bush v. Kromer and State	Settlement of personal injury case involving a child bitten by a dog while in foster care	1/11/2006	\$350,000.00	\$7,436.30	\$357,436.30
23	Beard Stacey Trueb & Jacobsen itf Donald Darnell Darnell v. State, AMHS	Settlement in personal injury case involving slip & fall and other injuries sustained by seaman on the M/V Tustemena	2/1/2006	\$280,250.00	\$4,624.13	\$284,874.13

Department of Law

FY2006 Judgments & Claims - General Funds

Case #	Case Name	Description	Date	Amount	Interest	Total
24	Nicholas Kittleson Le-Sueur v. State	Fees and costs in a Human Rights discrimination complaint brought against Alaska Regional Hospital	12/12/2005	\$4,641.27	\$98.55	\$4,739.82
						\$3,269,035.73

FY2006 FAST TRACK SUPPLEMENTALS

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		Sec. No.	Amd. Date	Amd No.	Department	RDU or Component or Capital	Supplemental Need		General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
1													
20	9(d)				Transportation	Capital - Airport Improvement Program Allocation		Now Unalakleet Airport Paving		12,100.0			12,100.0
	9(e)				Transportation	Capital - Surface Transportation Program Appropriation		The Surface Transportation Program appropriation will increase by \$15,000.0 from \$373,604.7 to \$388,604.7 because of the increase to the allocation listed below.					0.0
21	9(f)				Transportation	Capital - Surface Transportation Program Allocation		Amended National Highway System (NHS) and Non-NHS Pavement and Bridge Refurbishment		15,000.0			15,000.0
22													
23	10				Lapse of Appropriations								
24	11				Effective date of March 15, 2006								
25													
25								Fast Track Supplemental Total	13,493.7	30,100.0	1,870.0		45,283.7
26	Amendments:												
27	02/06/06	DOT A	Transportation	Capital - Airport Improvement Program Appropriation		The Airport Improvement Program appropriation will increase by \$1,500.0 from \$485,250.1 to \$486,750.1 because of the increase in the allocation listed below.							
	02/06/06	DOT A	Transportation	Capital - Airport Improvement Program Allocation		Amended Kolzebug Sand Building Early approval of this project will allow a contract to be awarded in April 2006. Then there will be time for the contractor to order, obtain and barge the materials before freeze up in 2006 to avoid losing a season of construction time.				1,500.0			1,500.0
28	02/14/06	Law A	Law	Civil Division, Deputy Attorney General's Office		Judgments and Claims - actual amount has increased by \$647,050.25 from \$2,621,985.48 to \$3,269,035.73			647.1				647.1
29													
29								Amended Fast Track Supplemental Total	14,140.8	31,600.0	1,870.0		47,410.8