

HB

54

Alaska State Legislature



Chairman
State Affairs Committee

Vice-Chairman
Economic Development, Trade & Tourism
Committee

Member
Judiciary Committee
Joint Armed Services Committee

Finance Subcommittees
Corrections
Labor and Workforce Development
Military and Veterans' Affairs
Public Safety

A Communication From
REPRESENTATIVE BOB LYNN
District 31 Anchorage

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To: Legal Services

Fax #: 2029

From: Nancy Manly x2794
Alaska State Capitol, room 104
Juneau, AK 99801-1182

of Pages (including cover): 4

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Re: HB 54 Construction of Legislative Hall

2/28/08

Please draft a final CS for HB 54 that passed out of the House State Affairs Committee as amended.

Amendment #1 (Lynn)
Withdrawn

Conceptual Amendment #2 (Lynn)
See attached (25-L.S0284M.1)

Conceptual Amendment #3 (Lynn)
Withdrawn

Conceptual Amendment #4 (Johnson)
Page 1 Line 8 after the word "for" ~~delete construction of~~ and after the word "a" ~~delete new~~
Line 8 should then read: Council shall develop specifications for a legislative hall...

Amendment #1 to Amendment #4 (Roses)
Page 1 Line 1 after the word "to" ~~delete construction of~~

Amendment #5 (Gruenberg)
Failed

Amendment #1 to Amendment #5 (Lynn)
Failed

Page 2 of 2
Legal Services
Drafting of Final CS for HB 54 State Affairs

Amendment #6 (Lynn)

Page 4 Line 25 - *insert* statute language for AS 44.06.050, AS 44.06.055, AS 44.06.060

The committee clearly wants the statute language inserted in the bill so it is transparent to the public exactly what the statute says that the legislature wants to repeal.

HOUSE STATE AFFAIRS
COMMITTEE

Amendment #

2

Conceptual

25-LS0284/M.1

Cook

2/27/08

To Bill Number

HB 54

Sponsor:

LYNN

Date:

2/27/08

Logged By:

NW

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 54(), Draft Version "M"

passed

- 1 Page 3, following line 5:
- 2 Insert "(20) a child care facility;"
- 3
- 4 Renumber the following paragraph accordingly.

*
* TRANSACTION REPORT *
* FEB-28-2008 02:55 AM *
* FOR: REP LYNN 4654316 *
* _____ *
* SEND *
* _____ *
* DATE START RECEIVER PAGES TIME NOTE *
* _____ *
* FEB-28 02:54 AM 2029 3 45" OK *
* _____ *

MS. JULIE WELCH
PO Box 39649
Ninilchik, AK 99639

February 21, 2008

RE: HB 54

State of Alaska
House of Representatives
State Affairs Committee
Juneau, Alaska

Dear Representative Chenault;

I sincerely thank you for your support of seniors and senior issues within your district and within our state

I am listening to the audio file of the State Affairs Committee hearing today, on February 21, 2008 discussing HB 54. A Juneau resident testified declaring all the wonderful things Juneau has done to 'create' or 'give' access to the capital city of this very large state.

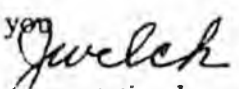
I thoroughly disagree with Rosemary's opinion. There is access to Juneau and our legislative sessions only for the rich or those who are independently wealthy. If an Alaskan resident does not live in Southeast there is no affordable access to Juneau. Most rural citizens (those not living on a road) can't even afford to take their family to a hub city for groceries and medical appointments. When families can not afford travel to a local hub city for food and/or medical support, they won't be spending an additional \$1,000 or more to visit Juneau for the legislative session.

Alaska Air's Constituent Fare with the small discount it offers is still impossible for most of Alaska's residents to visit Juneau during the Legislative Session. For a one afternoon visit to Juneau to meet with a Legislative member, flying out of Anchorage would cost at least \$900.00. The number of flights in to and out of Juneau is too few. In addition one airline has a virtual monopoly on both price and schedule.

I recognize that Juneau residents are fighting for the life-breath of their community. Those who choose to live in Juneau are responsible to discover a way to survive or thrive at their chosen location. It is not the responsibility of each resident of Alaska to find a way for a family or person in Juneau to have a living.

The largest number of Alaskans live on the road system. Please move the legislative sessions to a place accessible by a majority of Alaska's population. Please move the legislative sessions to a location on the road system.

Thank you


CF: Representative Lynn
Representative Roses

Nancy Manly

From: Nancy Manly
Sent: Friday, February 29, 2008 2:56 PM
To: Londi Ensor
Subject: 3 Electronic Fiscal Notes for HB 54

Attachments: HB54.xls; HB054-DOA-GS-11-27-07.pdf; HB054-GOV-OMB-02 15 08.pdf



HB54.xls (43 KB) HB054-DOA-GS-11-HB054-GOV-OMB-0
27-07.pdf (18 ... 2 15 08.pdf (18...

Londi - Here are three fiscal notes in electronic format for HB 54. The yellow bill file will be coming up on Monday after we get our final CS

Nancy Manly, Chief of Staff and
House State Affairs Committee Aide *for*
Representative Bob Lynn
House District 31
907-465-2794 Fax: 907-465-4316

Locals protest proposal for legislative hall

Legislation would allow cities to bid for construction rights

By PAT FORGEY
JUNEAU EMPIRE

A bill that would allow cities around Alaska to compete to build a new legislative hall for Alaska was the subject of an emotional hearing in the Legislature on Thursday.

House Bill 54 is the third in a series of capital-move-related bills under consideration in the Legislature this year, all sponsored by Southcentral representatives. It was introduced at

the start of the 2007 session.

The bill drew strong, and in some cases impassioned, responses from Juneau residents at a hearing before the House State Affairs Committee.

Juneau resident Al Judson called the bill destructive to the state.

VOX

VOICE YOUR THOUGHTS

Would you support building a new legislative hall in Juneau if it ensured the capital would stay in Juneau?

Post your comments at
<http://juneaublogger.com/voxbox/>

"I see this bill dividing people. I see this bill chopping people in half. I see people fighting each other when it is a useless waste of time," he said.

Committee Chairman Rep. Bob Lynn, R-Anchorage, called Judson's 10-minute testimony the most eloquent speech he'd heard in five years in the Legislature.

Judson said the mostly Anchorage-area legislators who were pushing the bill and a capital move were going against the will

Please see HALL, Page A4

A4 JUNEAU EMPIRE, FRIDAY, FEB. 22, 2008

Hall: Palin supports killing FRANK Initiative

Continued from Page A1

of their own constituents. Every district in Anchorage voted against the capital move and for the FRANK Initiative, which requires public notice and approval of the cost before a move could take place.

House Bill 54 would repeal the FRANK Initiative.

"I have to say the Anchorage representatives are out of line with the wishes of the people of Anchorage," Judson said.

Gov. Sarah Palin said later she'd support repealing the FRANK Initiative and would take it on her administration's shoulders to let the public know the cost of a move.

"You've got to be honest with the public about how much it will cost," she said.

She said she didn't object to taking away the public's right to vote on a capital move, however, saying the Legislature would listen to the public before making such a decision anyway.

House Bill 54's sponsor, Rep. Mark Neuman, R-Wasilla, said Juneau shouldn't fear the bill, because it could enable the city to show it was the best location for a capital. He also spoke frequently of the bill's benefit of bringing the meetings of the Legislature closer to the bulk of

the population.

Neuman said the Matanuska-Susitna Borough, where he's from, would like to bid, and he's already been talking with a private developer interested in constructing a legislative hall there.

"I wouldn't have brought this forward if this was just pie in the sky," he said.

If Neuman's bill were to pass, it would delegate to the Legislative Council most of the implementation of the competition for a new capital, including deciding between applications.

The Legislative Council is made up of members of the House and Senate leaderships, and is chaired by Sen. John Cowdery, R-Anchorage, who has advocated moving the capital.

The Legislative Council is one of the few committees that does not have proportional representation. That is, House and Senate minorities get just a single seat on the council.

"I'm obviously concerned about the makeup of that committee," said Rosemary Hagevig, vice chairwoman of the Alaska Committee.

The bill was held in the House State Affairs Committee for further discussion.

• Contact reporter
Pat Forgey at 586-4816 or
patrick.forgey@juneauempire.com.

ALASKA STATE LEGISLATURE

Chair:
Special Committee on Economic Development,
Trade, & Tourism

Vice Chair
Committee on Labor and Commerce

Vice Chair:
Committee on Transportation

Member:
Committee on Community and Regional Affairs
Special Committee on Oil and Gas



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REPRESENTATIVE MARK NEUMAN

Representative_Mark_Neuman@legis.state.ak.us

Sponsor Statement for House Bill 54

The relative isolation of Juneau from much of state is a concern to many Alaskans; particularly at a time when the legislature has come under increasing public scrutiny. Also, due to its location, many Alaskans are unable to afford the hundreds of dollars in airfare, the hundred dollars a night for food and lodging, and the other costs associated with taking time away from work to travel to Juneau. While the floor session of both bodies and many committee meetings are available on cable television, or through the internet; over 25% of Alaskans do not have access to these media outlets. The net effect being; during the legislative session legislators remain isolated from the vast majority of Alaskans while easily accessible to lobbyists and special interests groups.

HB 54 will address the concerns expressed by Alaskans about access. This legislation provides an opportunity for all interested Alaskan entities to submit proposals to host the Alaska State Legislature. These proposals would compete on their merit and ability to meet the present and future needs of Alaska and her citizens. HB 54 would not affect the State Capital only the Alaska State Legislature – the Capital would remain Juneau.

The costs associated with building a new facility have always been of great concern to Alaskans. HB 54 creates an environment where the public and private sector partner together to share the benefits of hosting the legislature and the cost.

HB 54 would improve access to the legislative process for ordinary Alaskans by easing their physical access and improving the serviceable nature of the facilities.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB54
 () Publish Date: _____

Identifier (file name): HB054-GOV-OMB-02-14-08 Dept. Affected: All executive branch
 Title: HB 54 Construction of a Legislative Hall RDU: All RDUs
 Component: All Components
 Sponsor: Representative(s) Neuman, Lynn
 Requester: House State Affairs Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	*	*	*	*	*	*

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

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

FUND SOURCE (Thousands of Dollars)

1007 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/F Program Receipts							
1037 G. Mental Health							
Other Interagency Receipts							
TOTAL	0	*	*	*	*	*	*

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

* Costs can not be determined at this time since location of a legislative hall has not yet been determined. Once a site is selected, an impact study could be prepared at that time. Potential additional costs will include items such as travel, office space and furnishings, telephone/telecommunication services, the cost of which will vary depending on location.

Prepared by: John Boucher, Economist
 Division: Governor's Office of Management and Budget
 Approved by: Karen J. Rehfeld, Director
Governor's Office of Management and Budget

Phone: 465-4677
 Date/Time: 2/15/08 12:40 PM
 Date: 2/15/2008

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 54
 () Publish Date: _____

Identifier (file name): HB054-DOA-GS-11-27-07 Dept. Affected: Administration
 Title: Construction of Legislative Hall RDU: General Services
 Component: Non Public Building Fund
 Sponsor: Representative Neuman
 Requester: _____ Component Number: 404

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required		Information				
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	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	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Interagency Receipts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time	0.0	0.0	0	0	0	0	0
Part-time	0.0	0.0	0	0	0	0	0
Temporary	0.0	0.0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The Division of General Services does not expect any financial impact as a result of this bill.

Prepared by: Vern Jones
 Division: General Services
 Approved by: Kevin Brooks Deputy Commissioner
Department of Administration

Phone 466
 Date/Time 11/27/07 10:00AM
 Date 11/27/2007

FEASIBILITY REVIEW

A Legislative Hall in the Matanuska-Susitna Borough



February, 2006

Prepared by

- IFR & ASSOCIATES
- Livingston Slone

Executive Summary

Scope of Report

This report examines the following case:

The Mat-Su Borough decides to build a legislative hall within their jurisdiction. A developer is awarded the project and pays for the entire development. The sole compensation to the developer would be conveyance of Borough lands, which may or may not be contiguous to the legislative hall property.

It attempts to answer the following questions:

- How much land would need to be conveyed in order to make the project economically justifiable to a developer?
- What are the associated net present value, internal rate of return, hurdle rate, and return on investment to this development project?
- Is the development project a good idea and should further study take place?

Methods Employed

In part one a financial model was developed to review the economics of this project. The model determines the land value necessary for conveyance to make the project economically justifiable. It does this by pegging a land value when the net present value of the assumed capital streams associated with this project equal zero at a given discount rate. Internal rate of return, hurdle rate, and return on investment are also determined. In part two a brief review of social and economic indicators relevant to the geographical location of the project is also performed.

Findings

It is reasonable to expect a 6% rate of return on a development project of this type. At this rate the project is economic when a value of \$110M in land is conveyed to a developer as compensation for spending \$81M to build the legislative hall. Further, significant benefits could accrue to all parties involved. That is, the Mat-Su Borough government, local businesses, and the residents of the Mat-Su Borough would all benefit from this project.

Recommendation

It is our recommendation that the Mat-Su Borough engage in further study regarding development of this project.

**A Legislative Hall in the Matanuska-Susitna Borough
Feasibility Review**

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APPENDICES

Appendix A: Capital Costs and Space Program Assumptions

Appendix B: Financing Details

Appendix C: Financial Model Details

Appendix D: Cost Assumptions

Appendix E: Borough Land Ownership Map

Introduction

A financial and economic review was made of the following case:

The Mat-Su Borough decides to build a legislative hall for the State Legislature within the Borough's jurisdiction. A developer is awarded the project and pays for the entire development. The sole compensation to the developer would be conveyance of Borough lands, which may or may not be contiguous to the legislative hall property.

Assumptions

- Developer is immediately conveyed all lands for compensation
- Estimated capital cost of legislative hall development: \$81,000,000 (see Appendix A)
- Land value for legislative hall site provided by Borough at no cost to developer: \$1M
- Developer completes construction in 24 months
- Developer retains ownership of property (land and improvements) after development completion and leases it to the legislature on a twenty-five year lease at \$1.00 per year
- The lessee (State of Alaska) is responsible for all costs for operation, maintenance, repair, and tenant improvements upon commencement of the lease
- Developer retains all development rights for the site, to include all governmental and commercial uses compatible with a legislative hall
- Developer pays taxes on total value of property (land and improvement): \$82M
- Developer borrows 90% of the funds to finance the project at 7% for 15 years (see Appendix B)
- Developer pays 10% of the project cost with cash
- The break-even discount rate (internal rate of return) used to set the net present value of conveyed lands to zero is 6% (8%, 10%, and 12% are also provided for reference in Appendix C)
- No assumptions are being made as to other revenues, costs, or property value allocation at the end of the twenty-five year lease, as these factors are not definable without further input from the Mat-Su Borough and land development community (see Appendix D)

Part one of this report will address how much land value would need to be conveyed from the Borough to a developer in order to make a project of this magnitude economically justifiable. This will be done through a financial analysis in which a model has been developed to determine land value, net present value, internal rate of return, hurdle rate, and return on investment at the point of project feasibility. Part two of this report will perform a review of social and economic data relevant to the geographical location of the project.

Part 1: Financial Analysis

A model was designed using the assumptions outlined in the Introduction above. Further assumptions were needed and are explained below. The model analyzes assumed capital inflow and outflow streams over the twenty-five year lease period of the project. The inflows represent the value of lands conveyed to the developer in lieu of monetary payment. The outflows represent taxes on the property to be developed and owned by the developer, as well as the debt service required for the development. Net present value (NPV), internal rate of return (IRR), hurdle rate, and return on investment (ROI) were all determined.

Model Explanation and Output

When the future capital streams of a project are discounted back to present day and added to the initial inflow or outflow of capital, the NPV of a project is determined. According to financial theory, when NPV is positive the project is economic and should be undertaken. If the NPV is negative just the opposite is true. When NPV is equal to zero an investor should be, in theory, indifferent as to taking on the project. For the purpose of this report, NPV equals zero is the point at which a project becomes economically justifiable and an investor would accept the project.

When discounting a revenue stream a discount rate must be assumed. The discount rate can be looked at as the rate of return a developer could expect to get on another project of similar risk. That is, the opportunity cost (what a developer is giving up) of taking on the project in question. It is also commonly referred to as the cost of capital.

The IRR is the discount rate at which NPV equals zero, also referred to as the break-even discount rate. A hurdle rate is the minimum required rate of return for an investor. It will be assumed that the hurdle rate is set at the point when the project is economically justifiable (NPV equals zero). Therefore, for the purposes of this report the hurdle rate and the IRR are the same.

ROI is the ratio of investment income to investment capital. To estimate ROI, the project debt service was discounted over its duration using the cost of debt as the discount rate and then adding its present value to the initial outlay of capital by the developer. This was subtracted from the land value conveyed for compensation and used as investment income in the numerator of the ratio calculation. Project debt service discounted over its duration using the cost of debt as the discount rate and then adding its present value to the initial outlay of capital by the developer was used as invested capital in the denominator portion of the ratio calculation.

Typically, ROI looks at the earnings of a stock or business division and is easily deciphered. The assumed capital flows of this project are unconventional, as investment will be spread out over twenty-five years while compensation is received immediately (Table 1 shows the assumed capital inflows and outflows). Although it can be helpful, using ROI as an assessment tool for this project should be done with caution. It is recommended that more attention be given to NPV and IRR as rationale for land value.

Table 1

Period	Capital Inflows at Given Discount Rates (Millions \$)	Capital Outflows (Millions \$)
0	\$110 @ 6%, \$95 @ 8%, \$83 @ 10%, \$74 @ 12%	
1		(\$8.31)
2		(\$8.75)
3		(\$8.75)
4		(\$8.75)
5		(\$8.75)
6		(\$8.77)
7		(\$8.77)
8		(\$8.77)
9		(\$8.77)
10		(\$8.77)
11		(\$8.78)
12		(\$8.78)
13		(\$8.78)
14		(\$8.78)
15		(\$8.78)
16		(\$8.80)
17		(\$8.80)
18		(\$8.80)
19		(\$8.80)
20		(\$8.80)
21		(\$9.6)
22		(\$9.6)

Table 1 Cont.

Period	Capital Inflows at Given Discount Rates (Millions \$)	Capital Outflows (Millions \$)
23		(\$96)
24		(\$96)
25		(\$96)

The model determines the amount of land value that would be required for a project of this nature to become economically justifiable. It does this by pegging the land value when the project NPV equals zero for a given a discount rate (in this case the IRR and hurdle rate). The analysis is done on four different rates: 6%, 8%, 10%, and 12%. Table 2 shows the model output for the four different rates.

Table 2

Discount Rate (IRR and Hurdle Rate)	NPV	ROI	Land Value
6%	0	13 %	\$110M
8%	0	- 3 %	\$95M
10%	0	- 15 %	\$83M
12%	0	- 24 %	\$74M

Figure 1 tells us that for the assumed capital flows associated with this project over twenty-five years, a developer expecting a 12% rate of return would require \$74M in land value to make the project economic. Likewise, a developer expecting a 6% rate of return would require \$110M in land value to make the project economic. Also shown are values for 8% and 10%. A look at the respective ROIs tells us that 6% is probably the most realistic discount rate. This is in line with industry rates of return on similar sized projects in South-Central Alaska for land development.

It is important to note that at this point there is a dearth of knowledge concerning project specifics on the development in question. Therefore the assumptions input into the model are basic. An actual deal concerning a development project of this magnitude would involve many more elements that are not represented in this model. There will be other benefits and costs associated with such an undertaking. Most obvious is the benefit to a developer of the land conveyance.

They would see an increased rate of return on future projects due to a lower initial investment as a result of having no land costs associated with those developments.

Of course there would also be other costs, such as property taxes levied on the conveyed lands. However, costs such as taxes have the potential of being marginalized in a comprehensive deal. One strategy to mitigate tax liability would be to transfer land ownership to a developer in stages over time, in amounts that can be developed during the same period of conveyance.

It is logical to conclude, though not easily determined within the scope of this study, that significant additional financial benefits would accrue to a developer. Under most circumstances, the land would be developed in a manner that produced recurring and/or non-recurring revenue streams, effectively diminishing the Borough's land commitment. Therefore the amount of land value reported in this review as necessary for economic viability runs the risk of being overstated. This assertion can only be validated and better defined through a more comprehensive study.

Part 2: Economic Review

Because compensation for the development project is Borough lands, the question of whether a development company would undertake such a project is important to ask. In studying this question one could assume that lands conveyed to the development company, aside from having its own value derived from the ability to sell it, could also be developed at some point. One key factor to future development on conveyed lands concerns the issue of whether the legislative hall would be constructed in a rural area with an associated "village," or built in a suburban "commercial core" area. Each location option contains a unique set of economic impact implications. The more rural "village" location necessitates more infrastructure costs and is more influenced by the seasonal nature of the Legislature's session. The suburban "commercial core" location assumes ready infrastructure and more year-round adjacent commercial activities. This lessens the seasonal economic impacts upon the development. For purposes of this review, we have assumed a project located within the Borough's core area between Palmer and Wasilla (see Appendix E). The next question becomes one of whether the Mat-Su Borough is an attractive place to invest for purposes of land development.

It can be assumed development companies are looking for business and need land to develop projects. Further, when making project location decisions a development company must choose where to extend its limited resources. A choice to take on a project in one area limits its capacity to take on a project in another area. Therefore, careful consideration is given as to where it is best to allocate resources.

In South-Central Alaska, a safe assumption would be that the Mat-Su Borough and Anchorage are two of the largest economic areas in the region with great potential for development. Another sound assumption would be that a development company located in Anchorage or the Mat-Su Borough could develop a project in either area. So which area do you choose? A look at some relevant statistics can help answer this question.

Statistics

The Anchorage Daily news recently reported that according to the State of Alaska, in a report done in conjunction with the U.S. Census Bureau, the Mat-Su Borough expanded by 5 percent last year, to 74,000 people. That makes it the largest growth center in the State. In contrast, Anchorage grew by only 0.1 percent. Further, as nearly 2,900 people moved into the Borough

about the same amount left Anchorage, implying that the Mat-Su Borough's population growth can largely be attributed to people leaving Anchorage.¹

That is in line with the predictions of the Institute for Social and Economic Research (ISER) located in Anchorage, Alaska. In a November 2004 report ISER did for Chugach Electric Association, economist Scott Goldsmith concludes that the rate of growth in the Mat-Su Borough would surpass Anchorage by as much as 3 times over the next 25 years. He calculated a Borough population of 156,000 by 2030. This is expected even without construction of a much-anticipated Knik Arm bridge.²

Analysis

As land in Anchorage becomes scarce and housing values climb it appears people are leaving Anchorage for the Mat-Su Borough. The resulting population growth creates a demand for residential and commercial developments. In order to absorb this growth the Mat-Su Borough will need to open up government land for private development. The Borough needs these developments in order to manage its growth properly, as the residents of the Borough would benefit through both greater access to business resources through commercial development and lower home prices by increasing the amount of available homes through residential development.

Conclusion

Setting aside any political considerations, it is our opinion that the arrangement studied herein for the development of a legislative hall in the Mat-Su Borough is a sound concept. It would be a positive program to implement the much-needed conveyance of Borough land into private hands. It is reasonable that a developer would take on the project for lands in lieu of monetary compensation, as the Mat-Su Borough is an attractive area to develop residential and commercial properties, given the Mat-Su's geographical relationship to Anchorage. Residents and businesses of the Borough would benefit as well. In economics this situation is referred to as *pareto optimal*. That is, everyone benefits and no one loses. It is our recommendation that the Mat-Su Borough engage in further study regarding development of this project.

¹ Anchorage Daily News, 1/26/2006, "Valley growth gains speed," Kyle Hopkins

² Institute for Social and Economic Research, 11/1/2004, "Economic Projections for Alaska and the Southern Railbelt," Scott Goldsmith,
<http://www.iser.uaa.alaska.edu/Publications/epal:southernrail04/railbelt04.htm>

**Appendix A:
Capital Costs and Space
Program Assumptions**

Anticipated Project Capital Costs

Land +/- 160 Acres (Government Provided)	\$0
Construction (Sitework and Building with Group I Casework)	\$60,000,000
Project Development (Design, Permitting, Legal Reviews, Site Data, Administration/Management, Contingency and Development Fees)	\$21,000,000
Total Capital Cost	\$81,000,000

Notes:

1. Current (2006) Values
2. Exclusive of Financing Costs
3. All Group II and III Moveable Furniture and Equipment, Communications Equipment and Computers are by Others

A Legislative Hall in the Matanuska-Susitna Borough - Feasibility Review

Space Components and Areas

	Number of Rooms	N.S.F. per Room	Total N.S.F.	Area Totals NSF
Executive Branch Visiting Offices				4,290
Governor	1	1000	1000	
Lt. Governor	1	600	600	
Commissioners	6	600	3600	
Conference	1	800	800	
Reception	1	400	400	
Copy Room	1	200	200	
Washrooms	2	300	600	
Circulation	10%	3900	390	
Senate				36,388
President's Office	1	1080	1080	
Legislative Office	17	760	12920	
Finance Cumm Co-Chair	2	960	1920	
Senate Secty	1	720	720	
Finance Comm Hearing Rm	1	1500	1500	
Finance Com Secty	1	260	260	
Hearing Rooms	8	1000	8000	
Special Mtg/Conf Rooms	4	350	1400	
Chambers	1	2875	2875	
Gallery	1	1600	1600	
Page Room	1	290	290	
Media/Press Web Room	1	600	600	
Copy Room	1	528	528	
Circulation	8%	33693	2695	
House				53,669
Speakers Office	1	1080	1080	
Legislative Office	37	760	28120	
Finance Committee Co-Chair	2	960	1920	
House Clerk	1	820	820	
Finance Committee Hearing Rm	1	1500	1500	
Finance Committee Secty	1	260	260	
Hearing Rooms	8	1000	8000	
Special Mtg/Conf Rooms	4	350	1400	
Chambers	1	4000	4000	
Gallery	1	1600	1600	
Page room	1	290	290	
Media/Press/Web	1	600	600	
Copy room	1	568	568	
Circulation	7%	50158	3511	
Legislative Affairs				4,218
Executive Director	1	800	800	
Legislative Information Office	1	1500	1500	
Senate/House Records	1	1200	1200	
Legal Sattelite	1	200	200	
Circulation	14%	3700	518	

	Number of Rooms	N.S.F. per Room	Total N.S.F.	Area Totals NSF
Legislative Support				7,362
Supply/Mail/Doc Distribution	1	1450	1450	
Data Services	1	1600	1600	
Staff Break Rooms	4	352	1408	
Legislative Lounge	1	2000	2000	
Circulation	14%	6458	904	
Public Space				16,500
Visitor's Business Center	1	2000	2000	
Press Room/Storage	1	800	800	
Public Café	1	2000	2000	
Gathering/Public Display	1	10000	10000	
Security/Information	1	200	200	
Circulation	10.00%	15000	1500	
Building Support				11,861
Building Manager Office	1	300	300	
Security Office	1	250	250	
Building Maintenance Shop	1	2080	2080	
Loading Dock	1	460	460	
Receiving/Staging	1	500	500	
Trash Recycle/Storage	1	500	500	
Groundskeeping Storage	1	1000	1000	
Custodial Supplies	1	500	500	
Electrical	1	1000	1000	
Heating Plant	1	4000	4000	
Circulation	12%	10590	1271	
TOTAL NET SQUARE FEET				134,288
GROSSING FACTOR			33%	44,762
TOTAL GROSS SQUARE FEET				179,051

Sources: 1. House Bill 23
2. Alaska State Capitol; Space Program January 2005

Appendix B: Financing Details

A Legislative Hall on the Matanuska-Susitna Borough - Feasibility Review

Financing Details

Loan amount	\$72,900,000
Annual interest rate	7%
Loan period in years	15
Start date of loan	1/31/07

		Annual
Monthly payment	\$655,245.81	\$7,062,950
Number of payments	180	
Total interest	\$45,044,245.70	
Total cost of loan	#####	

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	3/3/07	\$ 72,900,000.00	\$ 655,245.81	\$ 229,995.81	\$ 425,250.00	\$ 72,670,004.19
2	3/31/07	72,670,004.19	655,245.81	231,337.45	423,908.36	72,438,666.74
3	5/1/07	72,438,666.74	655,245.81	232,686.92	422,558.89	72,205,979.82
4	5/31/07	72,205,979.82	655,245.81	234,044.26	421,201.55	71,971,935.56
5	7/1/07	71,971,935.56	655,245.81	235,409.52	419,836.29	71,736,526.04
6	7/31/07	71,736,526.04	655,245.81	236,782.74	418,463.07	71,499,743.30
7	8/31/07	71,499,743.30	655,245.81	238,163.97	417,081.84	71,261,579.33
8	10/1/07	71,261,579.33	655,245.81	239,553.26	415,692.55	71,022,026.06
9	10/31/07	71,022,026.06	655,245.81	240,950.66	414,295.15	70,781,075.40
10	12/1/07	70,781,075.40	655,245.81	242,356.20	412,889.61	70,538,719.20
11	12/31/07	70,538,719.20	655,245.81	243,769.95	411,475.86	70,294,949.25
12	1/31/08	70,294,949.25	655,245.81	245,191.94	410,053.87	70,049,757.32
13	3/2/08	70,049,757.32	655,245.81	246,622.23	408,623.58	69,803,135.09
14	3/31/08	69,803,135.09	655,245.81	248,060.85	407,184.95	69,555,074.24
15	5/1/08	69,555,074.24	655,245.81	249,507.88	405,737.93	69,305,566.36
16	5/31/08	69,305,566.36	655,245.81	250,963.34	404,282.47	69,054,603.02
17	7/1/08	69,054,603.02	655,245.81	252,427.29	402,818.52	68,802,175.73
18	7/31/08	68,802,175.73	655,245.81	253,899.78	401,346.03	68,548,275.94
19	8/31/08	68,548,275.94	655,245.81	255,380.87	399,864.94	68,292,895.08
20	10/1/08	68,292,895.08	655,245.81	256,870.59	398,375.22	68,036,024.49
21	10/31/08	68,036,024.49	655,245.81	258,369.00	396,876.81	67,777,655.49
22	12/1/08	67,777,655.49	655,245.81	259,876.15	395,369.66	67,517,779.34
23	12/31/08	67,517,779.34	655,245.81	261,392.10	393,853.71	67,256,387.24

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
24	1/31/09	67,256,387.24	655,245.81	262,916.88	392,328.93	66,993,470.36
25	3/3/09	66,993,470.36	655,245.81	264,450.57	390,795.24	66,729,019.79
26	3/31/09	66,729,019.79	655,245.81	265,993.19	389,252.62	66,463,026.60
27	5/1/09	66,463,026.60	655,245.81	267,544.82	387,700.99	66,195,481.78
28	5/31/09	66,195,481.78	655,245.81	269,105.50	386,140.31	65,926,376.28
29	7/1/09	65,926,376.28	655,245.81	270,675.28	384,570.53	65,655,701.00
30	7/31/09	65,655,701.00	655,245.81	272,254.22	382,991.59	65,383,446.77
31	8/31/09	65,383,446.77	655,245.81	273,842.17	381,403.44	65,109,604.40
32	10/1/09	65,109,604.40	655,245.81	275,439.78	379,806.03	64,834,164.62
33	10/31/09	64,834,164.62	655,245.81	277,046.52	378,199.29	64,557,118.11
34	12/1/09	64,557,118.11	655,245.81	278,662.62	376,583.19	64,278,455.48
35	12/31/09	64,278,455.48	655,245.81	280,288.15	374,957.66	63,998,167.33
36	1/31/10	63,998,167.33	655,245.81	281,923.17	373,322.64	63,716,244.17
37	3/3/10	63,716,244.17	655,245.81	283,567.72	371,678.09	63,432,676.45
38	3/31/10	63,432,676.45	655,245.81	285,221.86	370,023.95	63,147,454.58
39	5/1/10	63,147,454.58	655,245.81	286,885.66	368,360.15	62,860,568.93
40	5/31/10	62,860,568.93	655,245.81	288,559.16	366,686.65	62,572,009.77
41	7/1/10	62,572,009.77	655,245.81	290,242.42	365,003.39	62,281,767.35
42	7/31/10	62,281,767.35	655,245.81	291,935.50	363,310.31	61,989,831.85
43	8/31/10	61,989,831.85	655,245.81	293,638.46	361,607.35	61,696,193.39
44	10/1/10	61,696,193.39	655,245.81	295,351.35	359,894.46	61,400,842.04
45	10/31/10	61,400,842.04	655,245.81	297,074.23	358,171.58	61,103,767.81
46	12/1/10	61,103,767.81	655,245.81	298,807.16	356,438.65	60,804,960.65
47	12/31/10	60,804,960.65	655,245.81	300,550.21	354,695.60	60,504,410.44
48	1/31/11	60,504,410.44	655,245.81	302,303.42	352,942.39	60,202,107.03
49	3/3/11	60,202,107.03	655,245.81	304,066.85	351,178.96	59,898,040.18
50	3/31/11	59,898,040.18	655,245.81	305,840.58	349,405.23	59,592,199.60
51	5/1/11	59,592,199.60	655,245.81	307,624.65	347,621.16	59,284,574.96
52	5/31/11	59,284,574.96	655,245.81	309,419.12	345,826.69	58,975,155.83
53	7/1/11	58,975,155.83	655,245.81	311,224.07	344,021.74	58,663,931.77
54	7/31/11	58,663,931.77	655,245.81	313,039.54	342,206.27	58,350,892.23
55	8/31/11	58,350,892.23	655,245.81	314,865.60	340,380.20	58,036,026.62
56	10/1/11	58,036,026.62	655,245.81	316,702.32	338,543.49	57,719,324.30
57	10/31/11	57,719,324.30	655,245.81	318,549.75	336,696.06	57,400,774.55
58	12/1/11	57,400,774.55	655,245.81	320,407.96	334,837.85	57,080,366.59
59	12/31/11	57,080,366.59	655,245.81	322,277.00	332,968.81	56,758,089.59
60	1/31/12	56,758,089.59	655,245.81	324,156.95	331,088.86	56,433,932.63
61	3/2/12	56,433,932.63	655,245.81	326,047.87	329,197.94	56,107,884.77
62	3/31/12	56,107,884.77	655,245.81	327,949.81	327,295.99	55,779,934.95
63	5/1/12	55,779,934.95	655,245.81	329,862.86	325,382.95	55,450,072.09
64	5/31/12	55,450,072.09	655,245.81	331,787.06	323,458.75	55,118,285.04
65	7/1/12	55,118,285.04	655,245.81	333,722.48	321,523.33	54,784,562.56
66	7/31/12	54,784,562.56	655,245.81	335,669.19	319,576.61	54,448,893.36
67	8/31/12	54,448,893.36	655,245.81	337,627.26	317,618.54	54,111,266.10
68	10/1/12	54,111,266.10	655,245.81	339,596.76	315,649.05	53,771,669.34
69	10/31/12	53,771,669.34	655,245.81	341,577.74	313,668.07	53,430,091.60
70	12/1/12	53,430,091.60	655,245.81	343,570.28	311,675.53	53,086,521.33

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
71	12/31/12	53,086,521.33	655,245.81	345,574.44	309,671.37	52,740,946.89
72	1/31/13	52,740,946.89	655,245.81	347,590.29	307,655.52	52,393,356.61
73	3/3/13	52,393,356.61	655,245.81	349,617.90	305,627.91	52,043,738.71
74	3/31/13	52,043,738.71	655,245.81	351,657.33	303,588.48	51,692,081.38
75	5/1/13	51,692,081.38	655,245.81	353,708.67	301,537.14	51,338,372.71
76	5/31/13	51,338,372.71	655,245.81	355,771.97	299,473.84	50,982,600.74
77	7/1/13	50,982,600.74	655,245.81	357,847.31	297,398.50	50,624,753.44
78	7/31/13	50,624,753.44	655,245.81	359,934.75	295,311.06	50,264,818.69
79	8/31/13	50,264,818.69	655,245.81	362,034.37	293,211.44	49,902,784.32
80	10/1/13	49,902,784.32	655,245.81	364,146.23	291,099.58	49,538,638.09
81	10/31/13	49,538,638.09	655,245.81	366,270.42	288,975.39	49,172,367.67
82	12/1/13	49,172,367.67	655,245.81	368,407.00	286,838.81	48,803,960.67
83	12/31/13	48,803,960.67	655,245.81	370,556.00	284,689.77	48,433,404.63
84	1/31/14	48,433,404.63	655,245.81	372,717.62	282,528.19	48,060,687.01
85	3/3/14	48,060,687.01	655,245.81	374,891.80	280,354.01	47,685,795.21
86	3/31/14	47,685,795.21	655,245.81	377,078.67	278,167.14	47,308,716.54
87	5/1/14	47,308,716.54	655,245.81	379,278.30	275,967.51	46,929,438.25
88	5/31/14	46,929,438.25	655,245.81	381,490.75	273,755.06	46,547,947.49
89	7/1/14	46,547,947.49	655,245.81	383,716.12	271,529.69	46,164,231.38
90	7/31/14	46,164,231.38	655,245.81	385,954.46	269,291.35	45,778,276.92
91	8/31/14	45,778,276.92	655,245.81	388,205.86	267,039.95	45,390,071.06
92	10/1/14	45,390,071.06	655,245.81	390,470.39	264,775.41	44,999,600.66
93	10/31/14	44,999,600.66	655,245.81	392,748.14	262,497.67	44,606,852.52
94	12/1/14	44,606,852.52	655,245.81	395,039.17	260,206.64	44,211,813.35
95	12/31/14	44,211,813.35	655,245.81	397,343.56	257,902.24	43,814,469.79
96	1/31/15	43,814,469.79	655,245.81	399,661.40	255,584.41	43,414,808.39
97	3/3/15	43,414,808.39	655,245.81	401,992.76	253,253.05	43,012,815.63
98	3/31/15	43,012,815.63	655,245.81	404,337.72	250,908.09	42,608,477.91
99	5/1/15	42,608,477.91	655,245.81	406,696.35	248,549.45	42,201,781.55
100	5/31/15	42,201,781.55	655,245.81	409,068.75	246,177.06	41,792,712.80
101	7/1/15	41,792,712.80	655,245.81	411,454.98	243,790.82	41,381,257.82
102	7/31/15	41,381,257.82	655,245.81	413,855.14	241,390.67	40,967,402.68
103	8/31/15	40,967,402.68	655,245.81	416,269.29	238,976.52	40,551,133.38
104	10/1/15	40,551,133.38	655,245.81	418,697.53	236,548.28	40,132,435.85
105	10/31/15	40,132,435.85	655,245.81	421,139.93	234,105.88	39,711,295.92
106	12/1/15	39,711,295.92	655,245.81	423,596.58	231,649.23	39,287,699.34
107	12/31/15	39,287,699.34	655,245.81	426,067.56	229,178.25	38,861,631.77
108	1/31/16	38,861,631.77	655,245.81	428,552.96	226,692.85	38,433,078.81
109	3/2/16	38,433,078.81	655,245.81	431,052.85	224,192.96	38,002,025.97
110	3/31/16	38,002,025.97	655,245.81	433,567.32	221,678.48	37,568,458.64
111	5/1/16	37,568,458.64	655,245.81	436,096.47	219,149.34	37,132,362.17
112	5/31/16	37,132,362.17	655,245.81	438,640.36	216,605.45	36,693,721.81
113	7/1/16	36,693,721.81	655,245.81	441,199.10	214,046.71	36,252,522.71
114	7/31/16	36,252,522.71	655,245.81	443,772.76	211,473.05	35,808,749.95
115	8/31/16	35,808,749.95	655,245.81	446,361.43	208,884.37	35,362,388.52
116	10/1/16	35,362,388.52	655,245.81	448,965.21	206,280.60	34,913,423.31
117	10/31/16	34,913,423.31	655,245.81	451,584.17	203,661.64	34,461,839.13

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
118	12/1/16	34,461,839.13	655,245.81	454,218.41	201,027.39	34,007,620.72
119	12/31/16	34,007,620.72	655,245.81	456,868.02	198,377.79	33,550,752.70
120	1/31/17	33,550,752.70	655,245.81	459,533.09	195,712.72	33,091,219.61
121	3/3/17	33,091,219.61	655,245.81	462,213.70	193,032.11	32,629,005.92
122	3/31/17	32,629,005.92	655,245.81	464,909.94	190,335.87	32,164,095.97
123	5/1/17	32,164,095.97	655,245.81	467,621.92	187,623.89	31,696,474.06
124	5/31/17	31,696,474.06	655,245.81	470,349.71	184,896.10	31,226,124.35
125	7/1/17	31,226,124.35	655,245.81	473,093.42	182,152.39	30,753,030.93
126	7/31/17	30,753,030.93	655,245.81	475,853.13	179,392.68	30,277,177.80
127	8/31/17	30,277,177.80	655,245.81	478,628.94	176,616.87	29,798,548.86
128	10/1/17	29,798,548.86	655,245.81	481,420.94	173,824.87	29,317,127.92
129	10/31/17	29,317,127.92	655,245.81	484,229.23	171,016.58	28,832,898.69
130	12/1/17	28,832,898.69	655,245.81	487,053.90	168,191.91	28,345,844.79
131	12/31/17	28,345,844.79	655,245.81	489,895.05	165,350.76	27,855,949.74
132	1/31/18	27,855,949.74	655,245.81	492,752.77	162,493.04	27,363,196.97
133	3/3/18	27,363,196.97	655,245.81	495,627.16	159,618.65	26,867,569.81
134	3/31/18	26,867,569.81	655,245.81	498,518.32	156,727.49	26,369,051.49
135	5/1/18	26,369,051.49	655,245.81	501,426.34	153,819.47	25,867,625.15
136	5/31/18	25,867,625.15	655,245.81	504,351.33	150,894.48	25,363,273.82
137	7/1/18	25,363,273.82	655,245.81	507,293.38	147,952.43	24,855,980.44
138	7/31/18	24,855,980.44	655,245.81	510,252.59	144,993.22	24,345,727.85
139	8/31/18	24,345,727.85	655,245.81	513,229.06	142,016.75	23,832,498.79
140	10/1/18	23,832,498.79	655,245.81	516,222.90	139,022.91	23,316,275.89
141	10/31/18	23,316,275.89	655,245.81	519,234.20	136,011.61	22,797,041.69
142	12/1/18	22,797,041.69	655,245.81	522,263.07	132,982.74	22,274,778.62
143	12/31/18	22,274,778.62	655,245.81	525,309.60	129,936.21	21,749,469.02
144	1/31/19	21,749,469.02	655,245.81	528,373.91	126,871.90	21,221,095.11
145	3/3/19	21,221,095.11	655,245.81	531,456.09	123,789.72	20,689,639.03
146	3/31/19	20,689,639.03	655,245.81	534,556.25	120,689.56	20,155,082.78
147	5/1/19	20,155,082.78	655,245.81	537,674.49	117,571.32	19,617,408.29
148	5/31/19	19,617,408.29	655,245.81	540,810.93	114,434.88	19,076,597.36
149	7/1/19	19,076,597.36	655,245.81	543,965.66	111,280.15	18,532,631.70
150	7/31/19	18,532,631.70	655,245.81	547,138.79	108,107.02	17,985,492.91
151	8/31/19	17,985,492.91	655,245.81	550,330.43	104,915.38	17,435,162.47
152	10/1/19	17,435,162.47	655,245.81	553,540.70	101,705.11	16,881,621.78
153	10/31/19	16,881,621.78	655,245.81	556,769.68	98,476.13	16,324,852.10
154	12/1/19	16,324,852.10	655,245.81	560,017.51	95,228.30	15,764,834.59
155	12/31/19	15,764,834.59	655,245.81	563,284.27	91,961.54	15,201,550.32
156	1/31/20	15,201,550.32	655,245.81	566,570.10	88,675.71	14,634,980.22
157	3/2/20	14,634,980.22	655,245.81	569,875.09	85,370.72	14,065,105.13
158	3/31/20	14,065,105.13	655,245.81	573,199.36	82,046.45	13,491,905.76
159	5/1/20	13,491,905.76	655,245.81	576,543.03	78,702.78	12,915,362.74
160	5/31/20	12,915,362.74	655,245.81	579,906.19	75,339.62	12,335,456.54
161	7/1/20	12,335,456.54	655,245.81	583,288.98	71,956.83	11,752,167.56
162	7/31/20	11,752,167.56	655,245.81	586,691.50	68,554.31	11,165,476.07
163	8/31/20	11,165,476.07	655,245.81	590,113.87	65,131.94	10,575,362.20
164	10/1/20	10,575,362.20	655,245.81	593,556.20	61,689.61	9,981,806.00

No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
165	10/31/20	9,981,806.00	655,245.81	597,018.61	58,227.20	9,384,787.40
166	12/1/20	9,384,787.40	655,245.81	600,501.22	54,744.59	8,784,286.18
167	12/31/20	8,784,286.18	655,245.81	604,004.14	51,241.67	8,180,282.04
168	1/31/21	8,180,282.04	655,245.81	607,527.50	47,718.31	7,572,754.54
169	3/3/21	7,572,754.54	655,245.81	611,071.41	44,174.40	6,961,683.13
170	3/31/21	6,961,683.13	655,245.81	614,635.99	40,609.82	6,347,047.14
171	5/1/21	6,347,047.14	655,245.81	618,221.37	37,024.44	5,728,825.77
172	5/31/21	5,728,825.77	655,245.81	621,827.66	33,418.15	5,106,998.12
173	7/1/21	5,106,998.12	655,245.81	625,454.99	29,790.82	4,481,543.13
174	7/31/21	4,481,543.13	655,245.81	629,103.47	26,142.33	3,852,439.65
175	8/31/21	3,852,439.65	655,245.81	632,773.24	22,472.56	3,219,666.41
176	10/1/21	3,219,666.41	655,245.81	636,464.42	18,781.39	2,583,201.99
177	10/31/21	2,583,201.99	655,245.81	640,177.13	15,068.68	1,943,024.86
178	12/1/21	1,943,024.86	655,245.81	643,911.50	11,334.31	1,299,113.36
179	12/31/21	1,299,113.36	655,245.81	647,667.65	7,578.16	651,445.71
180	1/31/22	651,445.71	655,245.81	651,445.71	3,800.10	0.00

Appendix C:
Financial Model Details

Financial Model Details

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Down Payment for Financing	\$8,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)		\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes		\$442,600	\$885,600	\$885,600	\$885,600	\$885,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,378	\$921,378
Total:	\$8,100,000	\$8,305,750	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,328	\$8,784,328
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$109,521,686												
Total:	\$109,521,686	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$101,421,686	(\$8,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,328)	(\$8,784,328)

Year:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Down Payment for Financing													
Debt Service (\$72,900,000 @ 7% for 15 yrs)		\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes		\$921,378	\$921,378	\$921,378	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$958,602	\$958,602	\$958,602	\$958,602
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$958,602	\$958,602	\$958,602	\$958,602
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)

NPV	0
Input (Hurdle Rate) IRR	6%
ROI	13%
Input Land Value Required	\$109,521,686

A Legislative Hall in the Matanuska-Sustina Borough
Financial Model Details

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Down Payment for Financing	\$8,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)		\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes		\$442,800	\$885,600	\$885,600	\$885,600	\$885,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,378	\$921,378
Total:	\$8,100,000	\$8,305,750	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,328	\$8,784,328
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$94,588,242												
Total:	\$94,588,242	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$86,488,242	(\$8,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,328)	(\$8,784,328)

Year:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Down Payment for Financing													
Debt Service (\$72,900,000 @ 7% for 15 yrs)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$921,378	\$921,378	\$921,378	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$958,602	\$958,602	\$958,602	\$958,602
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$958,602	\$958,602	\$958,602	\$958,602
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)

Input	(Murdie Rate) IRR	8%
	ROI:	-3%
Input	Land Value Required:	\$94,588,242

Financial Model Details

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Up Front Capital For Financing	\$8,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$442,800	\$885,600	\$885,600	\$885,600	\$885,600	\$885,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,378	\$921,378
Total:	\$8,100,000	\$8,305,750	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,768,262	\$8,768,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,378	\$8,784,328
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$82,862,111												
Total:	\$82,862,111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$74,762,111	(\$8,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,328)	(\$8,784,328)

Year:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Up Front Capital For Financing													
Debt Service (\$72,900,000 @ 7% for 15 yrs)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378	\$921,378
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)

Input	(Hurdle Rate) IRR:	10%
	ROI:	-15%
Input	Land Value Required:	\$82,862,111

A Legislative Hall in the Metanuska Susitna Borough
Financial Model Details

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Period:	0	1	2	3	4	5	6	7	8	9	10	11	12
Capital Outflows													
Down Payment for Financing	\$8,100,000												
Debt Service (\$72,900,000 @ 7% for 15 yrs)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$442,800	\$885,600	\$885,600	\$885,600	\$885,600	\$885,600	\$903,312	\$903,312	\$903,312	\$903,312	\$903,312	\$921,378	\$921,378
Total:	\$8,100,000	\$8,305,780	\$8,748,550	\$8,748,550	\$8,748,550	\$8,748,550	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,766,262	\$8,784,328	\$8,784,328
Capital Inflows													
Land (In Lieu of Monetary Payment)	\$73,523,120												
Total:	\$73,523,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	\$65,423,120	(\$8,305,750)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,748,550)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,766,262)	(\$8,784,328)	(\$8,784,328)

Year:	2018	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Period:	13	14	15	16	17	18	19	20	21	22	23	24	25
Capital Outflows													
Down Payment for Financing													
Debt Service (\$72,900,000 @ 7% for 11)	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950	\$7,862,950
Taxes	\$921,378	\$921,378	\$921,378	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$939,806	\$958,602	\$958,602	\$958,602	\$958,602
Total:	\$8,784,328	\$8,784,328	\$8,784,328	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$8,802,756	\$958,602	\$958,602	\$958,602	\$958,602
Capital Inflows													
Land (In Lieu of Monetary Payment)													
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Total:	(\$8,784,328)	(\$8,784,328)	(\$8,784,328)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$8,802,756)	(\$958,602)	(\$958,602)	(\$958,602)	(\$958,602)

NPV:	0
Input (Hurdle Rate) IRR:	12%
ROI:	-24%
Input Land Value Required:	\$73,523,120

Appendix D: Cost Assumptions

A Legislative Hall in the Matanuska-Susitna Borough - Feasibility Review

COST ASSUMPTIONS

Property	<u>Land (No Cost to Developer)</u> \$1,000,000	<u>Improvement</u> \$81,000,000	<u>Total to be Financed</u> \$81,000,000	<u>Allocation of Value Year 1</u> 0.5			
Financing	<u>% Down</u> 10%	<u>\$ Down</u> \$8,100,000	<u>\$ Financed</u> \$72,900,000	<u>Term (Yrs)</u> 15	<u>Rate</u> 7%	<u>Annual Debt Service</u> \$7,862,950	<u>Start Date</u> 1/31/07
Taxes	<u>Mil' Rate</u> 0.0108	<u>Inflation Adjustment (Every Five Years)</u> 1.02					

**Appendix E:
Borough Land
Ownership Map**

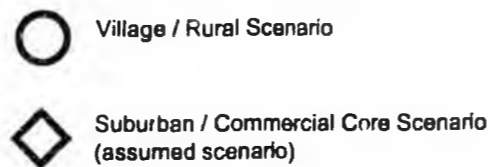


Land Ownership Key

Source: Matanuska-Susitna Borough



Potential Sites:



**A Legislative Hall in the
Matanuska-Susitna Borough**
Feasibility Review Livingston Slone, Inc
February 3, 2006 IFR & Associates

Alaska State Legislature

Session Address:

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Representative.Mark.Neuman@legis.state.ak.us

Representative Mark A. Neuman

District 15

MEMORANDUM

TO: Representative Bob Lynn

FROM: Representative Mark Neuman

DATE: February 13, 2008

SUBJECT: Hearing Request for HB 54

Attached is a committee package for House Bill 54, "An Act relating to Construction of a legislative hall; and repealing provisions relating to relocating the capital, the legislature, or any of the present functions of state government." The package includes the current version of the bill and backup materials.

I would appreciate the scheduling of this legislation before the House Finance Committee. Please feel free to contact me, or my aide Rex Shattuck, with any questions.

Attached you will find a background packet for HB 54.

Thank you for your consideration.