

**SB**

**46**

**<TARGET><BILL>SB 46</BILL><SUBJECT>SB  
46</SUBJECT><COMM>SFIN29</COMM></TARGET>**

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## SENATE FINANCE COMMITTEE REPORT First Committee of Referral

DATE: 2/9/15

FURTHER:

**Date of 5-Day Notice:** \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Finance Committee considered SENATE BILL NO. 46

### SB 46-MUNI BOND BANK LOANS TO REG HEALTH ORGS

"An Act relating to the Alaska Municipal Bond Bank Authority; authorizing the Alaska Municipal Bond Bank Authority to issue bonds or notes for a regional health organization; and providing for an effective date."

and recommends:

be replaced with CS SB 46 (FIN)  Same Title  New Title

adopt previous CS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  New Title

attached amendment(s)

adopt \_\_\_\_\_ Letter of Intent

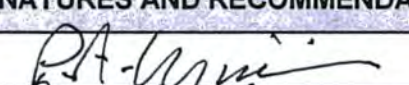
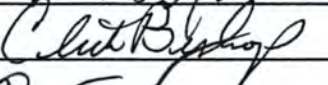
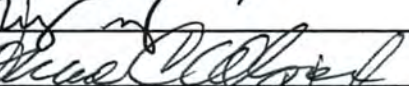
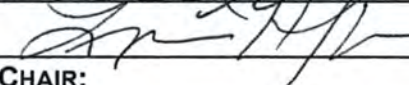
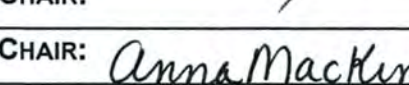
further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV	✓			
DHS		✓		

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	MICCICHE			✓	
	BISHOP	✓			
	DVALZANY		✓		
	ORSON	✓			
	HOFFMAN	✓			
CO-CHAIR:					
CO-CHAIR: Anna MacKinnon	MacKinnon	✓			



# Senator Lyman F. Hoffman

Senate Finance Committee - Co Chair

Alaska State Legislature • State Capital • Juneau, AK 99801-1182  
Toll Free 1-866-465-4453 • (907) 465-4453 • Fax (907) 465-4523

## Sponsor Statement

### SB 46

## Muni Bond Bank loans to Regional Health Organizations

SB 46 provides Regional Health Organizations direct access to the Alaska Municipal Bond Bank (AMBB) for the purpose of issuing debt, in an amount not to exceed \$250 million. In 2014, the Legislature passed SB 218 which allows AMBB to issue bonds on behalf of the University of Alaska for their new power plant. This bill aims to accomplish the same results for Regional Health Care Organizations.

AMMB is a public corporation of the State of Alaska established to aid Alaska municipalities in financing capital improvement projects. AMBB generates funding by selling bonds on the national market, and using the proceeds to purchase bonds from local governments. AMBB leverages its credit ratings into lower interest rates than municipalities would be able to borrow independently. These municipalities then pay principal and interest to the Bond Bank on their debt. Utilization of the State's moral obligation pledge has not cost the State as every loan that the AMBB has entered into over the last 40 years has been paid.

Currently, regional health organizations have *indirect* access to the Bond Bank by partnering with a municipality to apply to the Bond Bank on a conduit basis. All non-profits that want to issue tax exempt debt in Alaska must do so through a municipality on a conduit basis. However, even though the debtor is not the municipality, not all municipal governments are willing to consider using the Bond Bank on the behalf of a local non-profit due to the complexity of the bonding process.

### Benefits of Utilizing the Bond Bank

The Bond Bank has an excellent loan record with 100% of loans repaid and in conjunction with state support, has received "AA+" credit ratings from both Standard & Poor's Ratings Services and Fitch Ratings. Strong credit ratings allow the Bond Bank to borrow money at favorable interest rates. Smaller communities are at a disadvantage in the financial markets. They may have lower bond ratings, and although credit worthy, have not issued bonds or notes, have little outstanding debt, or lack investor familiarity. Over the last 10 years, the Bond Bank has saved Alaskan communities approximately \$112 million, and has secured

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Email: Senator\_Lyman\_Hoffman@legis.state.ak.us  
www.senatorhoffman.com

#### Districts

Adak  
Akiachak  
Akiak  
Akutan  
Aleknagik  
Amchitka  
Atka  
Atmuthluk  
Attu  
Belkofski  
Bethel  
Chefornak  
Chernofski  
Chignik  
Chignik Lagoon  
Chignik Lake  
Clark's Point  
Cold Bay  
Dillingham  
Dutch Harbor  
Eek  
Egegik  
Ekuk  
Ekwok  
False Pass  
Goodnews Bay  
Ivanof Bay  
Kasigluk  
King Cove  
King Salmon  
Kipnuk  
Koliganek  
Kongiganak  
Kwethluk  
Kwigillingok  
Lower Kalskag  
Manokotak  
Mekoryuk  
Naknek  
Napakiak  
Napaskiak  
Nelson Lagoon  
New Stuyahok  
Newtok  
Nightmute  
Nikolski  
Nunapitchak  
Oscarville  
Perryville  
Pilot Point  
Platinum  
Port Heiden  
Portage Creek  
Quinhagak  
Saint George Island  
Sant Paul Island  
Sand Point  
Shemya Station  
South Naknek  
Togiak  
Toksook Bay  
Tuluksak  
Tuntutuliak  
Tununak  
Twin Hills  
Ugashik  
Unalaska  
Unga  
Upper Kalskag

over \$1.5 billion dollars since inception to finance the construction of key projects; including schools, roads, utilities, harbors, hospitals, and other municipal facilities.

### **Yukon Kuskokwim Health Corporation (YKHC) Proposal**

Regional health organizations in Alaska have been constructing new health infrastructure in coordination with the federal government's Indian Health Service's Joint Venture Construction Program (JVCP). JVCP is a competitive federal program whereby the regional health organization agrees to construct new health infrastructure and then the federal government will request additional staffing for the new facility from Congress.

Four JVCP projects have recently been built in Alaska. At this time, the federal government is considering two additional JVCP projects in Alaska, one of which is a large rural project with the Yukon-Kuskokwim Health Corporation headquartered in Bethel. YKHCs' project request was recently rated number one in the nation by the federal government out of thirty-seven other competitive JVCP applications.

YKHC is currently working with the federal government to renovate the existing Bethel hospital and construct a new primary care clinic costing approximately \$250 million. YKHC will pay for the construction. Federal standards call for Congress to fund approximately 200 new staff in relation to the cost of a construction project, which will also provide an economic opportunity in human capital for the region.

The JVCP will cost the State of Alaska no additional monies, and in fact the improvements are expected to save State funds. The JVCP will bring approximately 200 new permanent positions into Bethel region, paid for by the federal government. The JVCP will create hundreds of new construction jobs in Bethel and elsewhere, paid for by YKHC. The JVCP will improve access and quality of care for the residents of the entire Yukon-Kuskokwim Delta.

Construction in rural Alaska is expensive and therefore affordable financing becomes extremely important for large rural JVCP projects. For this large rural project to be affordable for YKHC, the low interest rates obtainable by the Bond Bank is necessary.

I request your support in passing this bill.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

## MEMORANDUM

February 9, 2015

**SUBJECT:** Sectional summary SB 46 (Work Order No. 29-LS0447H)

**TO:** Senator Lyman Hoffman  
Attn: Tim Grussendorf

**FROM:** Megan A. Wallace *MAW*  
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

**Section 1.** Amends AS 44.85.005 to include legislative findings relating to health care and nonprofit regional health organizations.

**Section 2.** Amends AS 44.85.010(a) to include a policy to assist regional health organizations.

**Section 3.** Amends AS 44.85.090 to add "a regional health organization" to list of exceptions to the limitations on the authority of the bond bank authority to make loans.

**Section 4.** Amends AS 44.85.180(e) to provide the bond bank authority with the power to issue bonds or notes in amounts not to exceed \$250,000,000 for the purpose of making loans to regional health organizations.

**Section 5.** Amends the definition of "municipal bond to include obligations of a regional health organization."

**Section 6.** Adds a definition of "regional health organization."

**Section 7.** Provides for an immediate effective date.

MAW:dla  
15-055.dla

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: SB 46  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB046-DHSS-HCMS-2-20-15  
Title: MUNI BOND BANK LOANS TO REG HEALTH  
          ORGS  
Sponsor: HOFFMAN  
Requester: Senate Finance Committee

Department: Department of Health and Social Services  
Appropriation: Medicaid Services  
Allocation: Health Care Medicaid Services  
OMB Component Number: 2077

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>					
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	***	0.0	***	***	***	***	***

**Fund Source (Operating Only)**

None							
<b>Total</b>	***	0.0	***	***	***	***	***

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: <u>Jon Sherwood, Deputy Commissioner</u>	Phone: <u>(907)465-5830</u>
Division: <u>Medicaid &amp; Health Care Policy</u>	Date: <u>02/19/2015 10:30 AM</u>
Approved By: <u>Sarah Woods, Deputy Director Finance &amp; Management Services</u>	Date: <u>02/20/15</u>
Agency: <u>Health &amp; Social Services</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. SB046

**Analysis**

This bill would offer municipal bonds to tribal health organizations for the construction or remodel of tribal healthcare facilities, a low interest option that may encourage infrastructure development. As tribal organizations take advantage of this opportunity, the State may see an increase in provision of tribal healthcare services to Alaska Native Medicaid recipients, services which are claimable at 100% federal match as compared to the 50% federal match rate for the same service provision delivered in a non-tribal setting.

Based on past experience, the department expects it may be able to capture 10%, annually, of the value of the municipal bonds issued for a project, in general fund cost savings resulting from service provision at 100% federal match vs. the 50% match rate. However, the department cannot gauge the level of interest such a municipal bonds offer may garner from tribal organizations and thus, costs for this bill are currently indeterminate.

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: SB 46  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB046-DOR-TRS-2-23-15  
Title: MUNI BOND BANK LOANS TO REG HEALTH ORGS  
Sponsor: HOFFMAN  
Requester: Senate Finance

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Treasury Division  
OMB Component Number: 121

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel		15.0	15.0					
Services		250.0	250.0	2.0	2.0	2.0	2.0	
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>265.0</b>	<b>265.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	

**Fund Source (Operating Only)**

1108 Stat Desig		265.0	265.0	2.0	2.0	2.0	2.0
<b>Total</b>	<b>0.0</b>	<b>265.0</b>	<b>265.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2016) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Initial version.

Prepared By:	Deven Mitchell, Executive Director	Phone:	(907)465-3750
Division:	Alaska Municipal Bond Bank Authority	Date:	02/20/2015 02:00 PM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	02/20/15
Agency:	Department of Revenue		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. SB 46

### Analysis

SB 46 authorizes the Alaska Municipal Bond Bank Authority (Bond Bank) to consider making loans to regional health organizations. This will be the first time that the Bond Bank will have been authorized to lend money to an entity that is not a political subdivision of the State. The Bond Bank's participation in these loans would be expected to save significant amounts of interest expense for the regional health organizations. In the current market the benefit would be expected to be an interest rate reduction of 3-5 percent from existing financing alternatives. Assuming an interest rate reduction of just 3% results in nominal savings of approximately \$100 million from reduced interest expense on \$250 million of financing over a 20 year level debt service bond issue. To the extent bonds are issued based on this legislation, they will be moral obligations of the State of Alaska. In the event of a default by a regional health consortium that participates in this authorization the State of Alaska would be asked to provide for that debt service, and if the State failed to act on that request a loss of market access, investor confidence and current credit rating would be expected.

The bill creates a requirement that the Commissioner of The Department of Health and Social Services anticipates a state financial benefit and increase in the regional quality of care for a regional health organization loan request to be considered by the Bond Bank. This provision will require external state analysis of any proposed project and recognition of both financial and health care benefit to Alaska.

The bill creates a new Bond Bank lending limit in the principal amount of not to exceed \$250 million to regional health consortiums. This is a new potential lending program of the Bond Bank, it is important to limit the exposure of the State until there has been an opportunity to gain history and work through the inevitable details of the program.

Bond Bank costs were derived by assuming that \$125 million of bonds would be issued based on this authorization in FY 2016 and \$125 million in FY 2017. The Bond Bank anticipates incurring travel costs of up to \$15 thousand in FY 2016 and 2017. As the program is developed the Board may meet in potential borrower communities to gain a better understanding of the nature of the project. There will also be a need to travel to meet with rating analysts, potential investors, and finance team members in the development of the program. Professional services of up to \$250 thousand will be incurred in FY 2016 and 2017 as bond are issued. the services will include fees to bond counsel, independent registered municipal advisor, rating agencies, preliminary and final official statement production, and investor presentation forum costs. The residual service cost of \$2 thousand per year in 2018 to final maturity of bonds are trustee/paying agent fees for servicing the debt.

All costs incurred associated with the issuance of the bonds will be charged to the regional health organizations and paid from the proceeds of the bond issues of the regional health organizations.

If project financings are more rapid than anticipated or slower, the associated costs will flow to earlier or later years as they are 100% driven by bond issuance activity.

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: SB 46  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: SB046-DOR-TRS-4-15-15  
Title: MUNI BOND BANK LOANS TO REG HEALTH  
          ORGS  
Sponsor: HOFFMAN  
Requester: Senate Finance

Department: Department of Revenue  
Appropriation: Taxation and Treasury  
Allocation: Treasury Division  
OMB Component Number: 121

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel	15.0		5.0	5.0	5.0	5.0	5.0	5.0
Services	315.0		100.0	100.0	100.0	100.0	100.0	100.0
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>330.0</b>	<b>0.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>

**Fund Source (Operating Only)**

1108 Stat Desig	330.0		105.0	105.0	105.0	105.0	105.0
<b>Total</b>	<b>330.0</b>	<b>0.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

CS added Joint Action Agencies (JAA) as authorized borrowers and diminished any regional health corporation (RHO) borrowing to 49% of the total project cost and \$102,500,000 for a single project. The addition of the JAA authority is expected to have minimal impact on the Bond Bank's costs. As the Bond Bank pools loans, and the only JAA loan that is known at this time is \$9 million in size, which results in an estimated incremental cost on a \$100 million bond issue of \$15,000. The amendment in 44.85.090 will lower initial borrowing expectation and extend that borrowing out over a number of years. Based on known borrowers it is anticipated that \$102.5 million would be issued in FY 2016 followed by annual borrowing of up to \$25 million per fiscal year through 2021

Prepared By: <u>Deven Mitchell, Executive Director</u>	Phone: <u>(907)465-3750</u>
Division: <u>Alaska Municipal Bond Bank Authority</u>	Date: <u>04/15/2015 12:00 AM</u>
Approved By: <u>Jerry Burnett, Deputy Commissioner</u>	Date: <u>04/15/15</u>
Agency: <u>Department of Revenue</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. CSSB(FIN) 46

### Analysis

SB 46 authorizes the Alaska Municipal Bond Bank Authority (Bond Bank) to consider making loans to regional health organizations. This will be the first time that the Bond Bank will have been authorized to lend money to an entity that is not a political subdivision of the State. The Bond Bank's participation in these loans would be expected to save significant amounts of interest expense for the regional health organizations. In the current market the benefit would be expected to be an interest rate reduction of 3-5 percent from existing financing alternatives. Assuming an interest rate reduction of just 3% results in nominal savings of approximately \$40 million from reduced interest expense on \$102.5 million of financing over a 20 year level debt service bond issue. To the extent bonds are issued based on this legislation, they will be moral obligations of the State of Alaska. In the event of a default by a regional health consortium that participates in this authorization the State of Alaska would be asked to provide for that debt service, and if the State failed to act on that request a loss of market access, investor confidence and current credit rating would be expected.

The bill creates a requirement that the Commissioner of The Department of Health and Social Services anticipates a state financial benefit and increase in the regional quality of care for a regional health organization loan request to be considered by the Bond Bank. This provision will require external state analysis of any proposed project and recognition of both financial and health care benefit to Alaska.

The bill creates a new Bond Bank lending limit in the principal amount of not to exceed \$205 million in total loans to regional health consortiums, up to 49% funding of any single project as long as the balance of the project is fully funded, and no more than \$102.5 million of funding for any single project. This is a new potential lending program of the Bond Bank and it is important to limit the exposure of the State until there has been an opportunity to gain history and work through the inevitable details of the program.

Bond Bank costs were derived by assuming that \$102.5 million of bonds would be issued based on this authorization for RHOs in FY 2016 followed by up to \$25 million per year in FY 2017 through 2021. The Bond Bank further assumes a JAA participation in a Bond Bank bond issue in FY 2016 of up to \$10 million. The Bond Bank anticipates incurring travel costs of up to \$15 thousand in FY 2016 and then up to \$5 thousand from 2017 through 2021. As the RHO program is developed the Board may meet in potential borrower communities to gain a better understanding of the nature of the project.

There will also be a need to travel to meet with rating analysts, potential investors, and finance team members in the development of the RHO program. Professional services of up to \$330 thousand will be incurred in FY 2016 and up to \$100,005 from 2017 through 2021 as bond are issued. This amount includes an estimate of \$125,000 for a surety policy to meet the reserve requirement for each of the two anticipated bond issues. The additional services will include fees to bond counsel, independent registered municipal advisor, rating agencies, preliminary and final official statement production, and investor presentation forum costs. The residual service cost of \$2 thousand per year in 2018 to final maturity of bonds are trustee/paying agent fees for servicing the debt.

All costs incurred associated with the issuance of the bonds will be charged to the regional health organizations and paid from the proceeds of the bond issues of the regional health organizations.

If project financings are more rapid than anticipated or slower, the associated costs will flow to earlier or later years as they are 100% driven by bond issuance activity.

**CS FOR SENATE BILL NO. 46(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATOR HOFFMAN

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Alaska Municipal Bond Bank Authority; authorizing the Alaska**  
2 **Municipal Bond Bank Authority to issue bonds or notes for a regional health**  
3 **organization or joint action agency; and providing for an effective date."**

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

5 \* **Section 1.** AS 44.85.005 is amended to read:

6 **Sec. 44.85.005. Legislative findings.** The legislature finds that

7 (1) the rapid growth of municipalities in the state and the incorporation  
8 of new municipalities has created a demand for capital improvements that can only be  
9 met by these municipalities borrowing money through the issuance of bonds or notes;

10 (2) many of these municipalities, although creditworthy, either have  
11 not issued bonds or notes or have little outstanding debt;

12 (3) the cost of borrowed money to these municipalities is or may be  
13 unnecessarily high due to lack of investor familiarity with the municipalities;

14 (4) other municipalities in the state pay unnecessarily high borrowing

1 costs because of the distance of the state from capital markets or may find borrowing  
 2 difficult or impossible because of temporary economic dislocation due to loss of  
 3 employment or prospective loss of employment;

4 (5) the University of Alaska has limited debt capacity and may pay  
 5 higher interest rates because of lower credit ratings;

6 (6) many municipalities provide for or partner with nonprofit  
 7 organizations to provide for delivery of health care;

8 (7) nonprofit regional health organizations deliver services in  
 9 many locations where municipal partners are unavailable;

10 (8) joint action agencies require financial assistance for public  
 11 utility projects, including hydroelectric power projects, that benefit  
 12 municipalities.

13 \* Sec. 2. AS 44.85.010(a) is amended to read:

14 (a) It is the policy of the state to

15 (1) foster and promote by all reasonable means the provision of  
 16 adequate capital markets and facilities for borrowing money by municipalities in the  
 17 state to finance capital improvements or for other authorized purposes, to assist these  
 18 municipalities in fulfilling their capital needs and requirements by use of borrowed  
 19 money within statutory interest rate or cost of borrowing limitations, to the greatest  
 20 extent possible to reduce costs of borrowed money to taxpayers and residents of the  
 21 state, and equally to encourage continued investor interest in the purchase of bonds or  
 22 notes of municipalities as sound and preferred securities for investment;

23 (2) encourage municipalities to continue their independent  
 24 undertakings and financing of capital improvements and other authorized purposes  
 25 and to assist them by making capital funds available at reduced interest costs for  
 26 orderly financing of capital improvements and other purposes especially during  
 27 periods of restricted credit or money supply, particularly for those municipalities not  
 28 otherwise able to borrow for capital needs;

29 (3) assist municipalities to provide for adequate insurance coverage by  
 30 authorizing the Alaska Municipal Bond Bank Authority to issue negotiable or  
 31 nonnegotiable revenue bonds, notes, or certificates of participation either directly or

1 through an entity it may create for the purpose of providing a self-insurance program  
2 for municipalities or municipal joint insurance arrangements organized under  
3 AS 21.76;

4 (4) assist governmental employers to prepay all or a portion of their  
5 share of unfunded accrued actuarial liabilities of retirement systems in an effort to  
6 reduce their costs of satisfying their contractual obligations to provide retirement and  
7 other benefits to public employees through the issuance of bonds, notes, commercial  
8 paper, or other obligations by the bond bank authority or by a subsidiary corporation  
9 created by the bond bank authority under AS 44.85.085, but only if the state bond  
10 rating is the equivalent of AA- or better; this assistance is limited as provided in  
11 AS 37.15.903;

12 (5) assist the University of Alaska to provide heating or energy  
13 projects by providing capital funds through loans that minimize costs and the effects  
14 on the debt capacity of the University of Alaska;

15 (6) assist regional health organizations to provide health care  
16 facilities by providing capital funds through loans that minimize costs and the  
17 effects on the debt capacity of regional health organizations when the  
18 commissioner of health and social services anticipates a state financial benefit  
19 and an increase in regional quality of care;

20 (7) assist joint action agencies in providing public utilities,  
21 including hydroelectric power projects, through loans and bonds that minimize  
22 costs and the effects on the debt capacity of public utilities and joint action  
23 agencies.

24 \* Sec. 3. AS 44.85.080 is amended to read:

25 **Sec. 44.85.080. Powers of bond bank authority.** The bond bank authority  
26 may

- 27 (1) sue and be sued;
- 28 (2) adopt and alter an official seal;
- 29 (3) make and enforce bylaws and regulations for the conduct of its  
30 business and for the use of its services and facilities;
- 31 (4) maintain an office at any place in the state;

1 (5) acquire, hold, use, and dispose of its income, revenues, funds, and  
2 money;

3 (6) acquire, rent, lease, hold, use, and dispose of other personal  
4 property for its purposes;

5 (7) subject to AS 44.85.100(b), borrow money and issue its negotiable  
6 bonds or notes and provide for and secure their payment, provide for the rights of their  
7 holders, and purchase, hold, and dispose of any of its bonds or notes;

8 (8) fix and revise from time to time and charge and collect fees and  
9 charges for the use of its services or facilities;

10 (9) accept gifts or grants from the United States, or from any  
11 governmental unit or person, firm, or corporation, carry out the terms or provisions or  
12 make agreements with respect to the gifts or grants, and do all things necessary,  
13 useful, desirable, or convenient in connection with procuring, accepting, or disposing  
14 of the gifts or grants;

15 (10) do anything authorized by this chapter, through its officers,  
16 agents, or employees or by contracts with a person;

17 (11) make, enter into, and enforce all contracts necessary, convenient,  
18 or desirable for the purposes of the bond bank authority or pertaining to a loan [TO A  
19 POLITICAL SUBDIVISION], a purchase or sale of municipal bonds or other  
20 investments, or the performance of its duties and execution of any of its powers under  
21 this chapter;

22 (12) purchase or hold municipal bonds at prices and in a manner the  
23 bond bank authority considers advisable, and sell municipal bonds acquired or held by  
24 it at prices without relation to cost and in a manner the bond bank authority considers  
25 advisable;

26 (13) invest funds or money of the bond bank authority not required at  
27 the time of investment for loans or [LOAN TO POLITICAL SUBDIVISIONS] for  
28 the purchase of municipal bonds, in the same manner as permitted for investment of  
29 funds belonging to the state, except as otherwise provided in this chapter;

30 (14) prescribe the form of application or procedure required [OF A  
31 POLITICAL SUBDIVISION] for a loan or purchase of its municipal bonds, fix the

1 terms and conditions of the loan or purchase, and enter into agreements [WITH  
2 POLITICAL SUBDIVISIONS] with respect to loans or purchases;

3 (15) render services [TO A POLITICAL SUBDIVISION] in  
4 connection with a public or private sale of its municipal bonds, including advisory and  
5 other services, and charge for services rendered;

6 (16) charge for its costs and services in review or consideration of a  
7 proposed loan [TO A POLITICAL SUBDIVISION] or purchase by the bond bank  
8 authority of municipal bonds [OF THE POLITICAL SUBDIVISION], whether or not  
9 the loan is made or the municipal bonds purchased;

10 (17) fix and establish terms and provisions with respect to a purchase  
11 of municipal bonds by the bond bank authority, including date and maturities of the  
12 bonds, provisions as to redemption or payment before maturity, and any other matters  
13 that in connection with the purchase are necessary, desirable, or advisable in the  
14 judgment of the bond bank authority;

15 (18) procure insurance against any losses in connection with its  
16 property, operations, or assets in amounts and from insurers as it considers desirable;

17 (19) to the extent permitted under its contracts with the holders of  
18 bonds or notes of the bond bank authority, consent to modification of the rate of  
19 interest, time and payment of installment of principal or interest, security or any other  
20 term of a bond or note, contract or agreement of any kind to which the bond bank  
21 authority is a party;

22 (20) by regulation, create a new entity or new entities for the purpose  
23 of issuing negotiable or nonnegotiable revenue bonds, notes, or certificates of  
24 participation to finance a self-insurance program for municipalities or municipal joint  
25 insurance arrangements organized under AS 21.76 or to provide assistance to  
26 governmental employers under AS 44.85.085(a); the powers, duties, and membership  
27 of the new entity or entities shall be limited to the powers, duties, and membership of  
28 the authority and stated in the regulation; the new entity or entities shall each be a  
29 public corporation and an instrumentality of the state with the same legal existence  
30 and continuing succession as the bond bank authority; and

31 (21) do all acts and things necessary, convenient, or desirable to carry

1 out the powers expressly granted or necessarily implied in this chapter.

2 \* **Sec. 4.** AS 44.85.090 is amended to read:

3 **Sec. 44.85.090. Limitations.** Under this chapter, the bond bank authority may  
4 not

5 (1) make loans of money to a person, firm, or corporation except  
6 [OTHER THAN A MUNICIPALITY OR THE UNIVERSITY OF ALASKA OR  
7 PURCHASE SECURITIES ISSUED BY A PERSON, OTHER THAN A  
8 MUNICIPALITY EXCEPT FOR INVESTMENT] as provided in this chapter;

9 (2) emit bills of credit, accept deposits of money for time or demand  
10 deposit, administer trusts, or engage in any form or manner in, or in the conduct of, a  
11 private or commercial banking business, or act as a savings bank or savings and loan  
12 association;

13 (3) be or constitute a bank or trust company within the jurisdiction or  
14 under the control of a regulatory or supervisory board or department of the state, or the  
15 Comptroller of the Currency of the United States, or the Department of the Treasury,  
16 or Federal Reserve Board of the United States; [OR]

17 (4) be or constitute a bank, banker, or dealer in securities within the  
18 meaning of or subject to the provisions of securities, securities exchange, or securities  
19 dealers law, of the United States or of this state or of another state; or

20 (5) issue bonds or notes to a regional health organization unless

21 (A) the bond bank authority finances not more than 49  
22 percent of a project;

23 (B) the remaining costs of a project are secured or delivered  
24 to the bond bank authority before the bond bank authority provides  
25 financing under (A) of this paragraph; and

26 (C) the bonds or notes do not exceed \$102,500,000 for a  
27 single project.

28 \* **Sec. 5.** AS 44.85.170(b) is amended to read:

29 (b) Notwithstanding any other provision of law, to the extent that any  
30 department or agency of the state is the custodian of money payable to a political  
31 subdivision [MUNICIPALITY], at any time after written notice to the department or

1 agency head from the bond bank authority that the political subdivision  
 2 [MUNICIPALITY] is in default on the payment of principal or interest on municipal  
 3 bonds then held or owned by the bond bank authority, or amounts due under an  
 4 agreement between the bond bank authority and a political subdivision  
 5 [MUNICIPALITY] or a municipal joint insurance arrangement organized under  
 6 AS 21.76, the department or agency shall withhold the payment of that money from  
 7 that political subdivision [MUNICIPALITY] and pay over the money to the bond  
 8 bank authority for the purpose of paying principal of and interest on the bonds or debt.  
 9 The notice shall be given in each instance of default.

10 \* **Sec. 6.** AS 44.85.180(d) is amended to read:

11 (d) In deciding to purchase municipal bonds [OF A MUNICIPALITY], the  
 12 bond bank authority shall give preference to the entities [MUNICIPALITIES] referred  
 13 to in AS 44.85.005. In addition, the following, listed in order of preference, are  
 14 preferred purposes of the municipal bonds that may be considered by the bond bank  
 15 authority for purchase: schools, waste water treatment facilities, fire protection and  
 16 public safety facilities, public health facilities, and public transportation facilities.

17 \* **Sec. 7.** AS 44.85.180(e) is amended to read:

18 (e) Notwithstanding (a), (b), and (c) of this section, the bond bank authority  
 19 may issue its bonds or notes

20 (1) in principal amounts not to exceed \$87,500,000 for the purpose of  
 21 making loans to the University of Alaska; and

22 (2) in principal amounts not to exceed \$205,000,000 at any one  
 23 time for the purpose of making loans to a regional health organization; this  
 24 paragraph does not apply to bonds or notes issued to fund or refund bonds or  
 25 notes.

26 \* **Sec. 8.** AS 44.85.410(4) is amended to read:

27 (4) "municipal bond" means a bond or note or evidence of debt that  
 28 constitutes

29 (A) a general obligation bond that is a direct and general  
 30 obligation of a political subdivision of the state, all the taxable property within  
 31 which is subject to taxation to pay the bond, note, or evidence of debt, and the

1 interest without limitation, as to rate or amount generally to the extent  
 2 permitted by law or to avoid a default as provided for second class cities under  
 3 AS 29.45.590;

4 (B) a revenue bond issued by a municipality, the University of  
 5 Alaska, a regional health organization, a joint action agency formed under  
 6 AS 42.45.310, a solid waste management authority, or a port authority that  
 7 pledges the revenue of a revenue-producing capital improvement and that is  
 8 payable solely from the revenue of the revenue-producing capital  
 9 improvement;

10 (C) a general obligation bond or revenue bond combined or  
 11 additionally secured;

12 (D) a bond of a borough issued as a general obligation of a  
 13 service area under AS 29.47.440 or former AS 29.58.340; or

14 (E) an obligation of a municipality secured only by

15 (i) special assessments on benefited property;

16 (ii) tax increments and a letter of credit or equal

17 security; or

18 (iii) a lease;

19 \* **Sec. 9.** AS 44.85.410 is amended by adding a new paragraph to read:

20 (9) "regional health organization" has the meaning given in  
 21 AS 18.28.100.

22 \* **Sec. 10.** This Act takes effect immediately under AS 01.10.070(c).

*Adopted  
4/15/15*

29-LS0447I  
Wallace  
4/14/15

**CS FOR SENATE BILL NO. 46(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATOR HOFFMAN

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the Alaska Municipal Bond Bank Authority; authorizing the Alaska**  
2 **Municipal Bond Bank Authority to issue bonds or notes for a regional health**  
3 **organization or joint action agency; and providing for an effective date."**

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

5 \* **Section 1.** AS 44.85.005 is amended to read:

6 **Sec. 44.85.005. Legislative findings.** The legislature finds that

7 (1) the rapid growth of municipalities in the state and the incorporation  
8 of new municipalities has created a demand for capital improvements that can only be  
9 met by these municipalities borrowing money through the issuance of bonds or notes;

10 (2) many of these municipalities, although creditworthy, either have  
11 not issued bonds or notes or have little outstanding debt;

12 (3) the cost of borrowed money to these municipalities is or may be  
13 unnecessarily high due to lack of investor familiarity with the municipalities;

14 (4) other municipalities in the state pay unnecessarily high borrowing

1 costs because of the distance of the state from capital markets or may find borrowing  
2 difficult or impossible because of temporary economic dislocation due to loss of  
3 employment or prospective loss of employment;

4 (5) the University of Alaska has limited debt capacity and may pay  
5 higher interest rates because of lower credit ratings;

6 (6) many municipalities provide for or partner with nonprofit  
7 organizations to provide for delivery of health care;

8 (7) nonprofit regional health organizations deliver services in  
9 many locations where municipal partners are unavailable;

10 (8) joint action agencies require financial assistance for public  
11 utility projects, including hydroelectric power projects, that benefit  
12 municipalities.

13 \* Sec. 2. AS 44.85.010(a) is amended to read:

14 (a) It is the policy of the state to

15 (1) foster and promote by all reasonable means the provision of  
16 adequate capital markets and facilities for borrowing money by municipalities in the  
17 state to finance capital improvements or for other authorized purposes, to assist these  
18 municipalities in fulfilling their capital needs and requirements by use of borrowed  
19 money within statutory interest rate or cost of borrowing limitations, to the greatest  
20 extent possible to reduce costs of borrowed money to taxpayers and residents of the  
21 state, and equally to encourage continued investor interest in the purchase of bonds or  
22 notes of municipalities as sound and preferred securities for investment;

23 (2) encourage municipalities to continue their independent  
24 undertakings and financing of capital improvements and other authorized purposes  
25 and to assist them by making capital funds available at reduced interest costs for  
26 orderly financing of capital improvements and other purposes especially during  
27 periods of restricted credit or money supply, particularly for those municipalities not  
28 otherwise able to borrow for capital needs;

29 (3) assist municipalities to provide for adequate insurance coverage by  
30 authorizing the Alaska Municipal Bond Bank Authority to issue negotiable or  
31 nonnegotiable revenue bonds, notes, or certificates of participation either directly or

1 through an entity it may create for the purpose of providing a self-insurance program  
 2 for municipalities or municipal joint insurance arrangements organized under  
 3 AS 21.76;

4 (4) assist governmental employers to prepay all or a portion of their  
 5 share of unfunded accrued actuarial liabilities of retirement systems in an effort to  
 6 reduce their costs of satisfying their contractual obligations to provide retirement and  
 7 other benefits to public employees through the issuance of bonds, notes, commercial  
 8 paper, or other obligations by the bond bank authority or by a subsidiary corporation  
 9 created by the bond bank authority under AS 44.85.085, but only if the state bond  
 10 rating is the equivalent of AA- or better; this assistance is limited as provided in  
 11 AS 37.15.903;

12 (5) assist the University of Alaska to provide heating or energy  
 13 projects by providing capital funds through loans that minimize costs and the effects  
 14 on the debt capacity of the University of Alaska;

15 **(6) assist regional health organizations to provide health care**  
 16 **facilities by providing capital funds through loans that minimize costs and the**  
 17 **effects on the debt capacity of regional health organizations when the**  
 18 **commissioner of health and social services anticipates a state financial benefit**  
 19 **and an increase in regional quality of care;**

20 **(7) assist joint action agencies in providing public utilities,**  
 21 **including hydroelectric power projects, through loans and bonds that minimize**  
 22 **costs and the effects on the debt capacity of public utilities and joint action**  
 23 **agencies.**

24 \* Sec. 3. AS 44.85.080 is amended to read:

25 **Sec. 44.85.080. Powers of bond bank authority.** The bond bank authority  
 26 may

- 27 (1) sue and be sued;  
 28 (2) adopt and alter an official seal;  
 29 (3) make and enforce bylaws and regulations for the conduct of its  
 30 business and for the use of its services and facilities;  
 31 (4) maintain an office at any place in the state;

- 1 (5) acquire, hold, use, and dispose of its income, revenues, funds, and  
2 money;
- 3 (6) acquire, rent, lease, hold, use, and dispose of other personal  
4 property for its purposes;
- 5 (7) subject to AS 44.85.100(b), borrow money and issue its negotiable  
6 bonds or notes and provide for and secure their payment, provide for the rights of their  
7 holders, and purchase, hold, and dispose of any of its bonds or notes;
- 8 (8) fix and revise from time to time and charge and collect fees and  
9 charges for the use of its services or facilities;
- 10 (9) accept gifts or grants from the United States, or from any  
11 governmental unit or person, firm, or corporation, carry out the terms or provisions or  
12 make agreements with respect to the gifts or grants, and do all things necessary,  
13 useful, desirable, or convenient in connection with procuring, accepting, or disposing  
14 of the gifts or grants;
- 15 (10) do anything authorized by this chapter, through its officers,  
16 agents, or employees or by contracts with a person;
- 17 (11) make, enter into, and enforce all contracts necessary, convenient,  
18 or desirable for the purposes of the bond bank authority or pertaining to a loan [TO A  
19 POLITICAL SUBDIVISION], a purchase or sale of municipal bonds or other  
20 investments, or the performance of its duties and execution of any of its powers under  
21 this chapter;
- 22 (12) purchase or hold municipal bonds at prices and in a manner the  
23 bond bank authority considers advisable, and sell municipal bonds acquired or held by  
24 it at prices without relation to cost and in a manner the bond bank authority considers  
25 advisable;
- 26 (13) invest funds or money of the bond bank authority not required at  
27 the time of investment for loans or [LOAN TO POLITICAL SUBDIVISIONS] for  
28 the purchase of municipal bonds, in the same manner as permitted for investment of  
29 funds belonging to the state, except as otherwise provided in this chapter;
- 30 (14) prescribe the form of application or procedure required [OF A  
31 POLITICAL SUBDIVISION] for a loan or purchase of its municipal bonds, fix the

1 terms and conditions of the loan or purchase, and enter into agreements [WITH  
2 POLITICAL SUBDIVISIONS] with respect to loans or purchases;

3 (15) render services [TO A POLITICAL SUBDIVISION] in  
4 connection with a public or private sale of its municipal bonds, including advisory and  
5 other services, and charge for services rendered;

6 (16) charge for its costs and services in review or consideration of a  
7 proposed loan [TO A POLITICAL SUBDIVISION] or purchase by the bond bank  
8 authority of municipal bonds [OF THE POLITICAL SUBDIVISION], whether or not  
9 the loan is made or the municipal bonds purchased;

10 (17) fix and establish terms and provisions with respect to a purchase  
11 of municipal bonds by the bond bank authority, including date and maturities of the  
12 bonds, provisions as to redemption or payment before maturity, and any other matters  
13 that in connection with the purchase are necessary, desirable, or advisable in the  
14 judgment of the bond bank authority;

15 (18) procure insurance against any losses in connection with its  
16 property, operations, or assets in amounts and from insurers as it considers desirable;

17 (19) to the extent permitted under its contracts with the holders of  
18 bonds or notes of the bond bank authority, consent to modification of the rate of  
19 interest, time and payment of installment of principal or interest, security or any other  
20 term of a bond or note, contract or agreement of any kind to which the bond bank  
21 authority is a party;

22 (20) by regulation, create a new entity or new entities for the purpose  
23 of issuing negotiable or nonnegotiable revenue bonds, notes, or certificates of  
24 participation to finance a self-insurance program for municipalities or municipal joint  
25 insurance arrangements organized under AS 21.76 or to provide assistance to  
26 governmental employers under AS 44.85.085(a); the powers, duties, and membership  
27 of the new entity or entities shall be limited to the powers, duties, and membership of  
28 the authority and stated in the regulation; the new entity or entities shall each be a  
29 public corporation and an instrumentality of the state with the same legal existence  
30 and continuing succession as the bond bank authority; and

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1 out the powers expressly granted or necessarily implied in this chapter.

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3 **Sec. 44.85.090. Limitations.** Under this chapter, the bond bank authority may  
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9 (2) emit bills of credit, accept deposits of money for time or demand  
10 deposit, administer trusts, or engage in any form or manner in, or in the conduct of, a  
11 private or commercial banking business, or act as a savings bank or savings and loan  
12 association;

13 (3) be or constitute a bank or trust company within the jurisdiction or  
14 under the control of a regulatory or supervisory board or department of the state, or the  
15 Comptroller of the Currency of the United States, or the Department of the Treasury,  
16 or Federal Reserve Board of the United States; [OR]

17 (4) be or constitute a bank, banker, or dealer in securities within the  
18 meaning of or subject to the provisions of securities, securities exchange, or securities  
19 dealers law, of the United States or of this state or of another state; **or**

20 **(5) issue bonds or notes to a regional health organization unless**

21 **(A) the bond bank authority finances not more than 49**  
22 **percent of a project;**

23 **(B) the remaining costs of a project are secured or delivered**  
24 **to the bond bank authority before the bond bank authority provides**  
25 **financing under (A) of this paragraph; and**

26 **(C) the bonds or notes do not exceed \$102,500,000 for a**  
27 **single project.**

28 \* Sec. 5. AS 44.85.170(b) is amended to read:

29 (b) Notwithstanding any other provision of law, to the extent that any  
30 department or agency of the state is the custodian of money payable to a **political**  
31 **subdivision** [MUNICIPALITY], at any time after written notice to the department or

1 agency head from the bond bank authority that the **political subdivision**  
2 [MUNICIPALITY] is in default on the payment of principal or interest on municipal  
3 bonds then held or owned by the bond bank authority, or amounts due under an  
4 agreement between the bond bank authority and a **political subdivision**  
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6 AS 21.76, the department or agency shall withhold the payment of that money from  
7 that **political subdivision** [MUNICIPALITY] and pay over the money to the bond  
8 bank authority for the purpose of paying principal of and interest on the bonds or debt.  
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12 bond bank authority shall give preference to the **entities** [MUNICIPALITIES] referred  
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14 preferred purposes of the municipal bonds that may be considered by the bond bank  
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16 public safety facilities, public health facilities, and public transportation facilities.

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20 **(1) in principal amounts not to exceed \$87,500,000 for the purpose of**  
21 **making loans to the University of Alaska; and**

22 **(2) in principal amounts not to exceed \$205,000,000 at any one**  
23 **time for the purpose of making loans to a regional health organization; this**  
24 **paragraph does not apply to bonds or notes issued to fund or refund bonds or**  
25 **notes.**

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29 (A) a general obligation bond that is a direct and general  
30 obligation of a political subdivision of the state, all the taxable property within  
31 which is subject to taxation to pay the bond, note, or evidence of debt, and the

1 interest without limitation, as to rate or amount generally to the extent  
2 permitted by law or to avoid a default as provided for second class cities under  
3 AS 29.45.590;

4 (B) a revenue bond issued by a municipality, the University of  
5 Alaska, a regional health organization, a joint action agency formed under  
6 AS 42.45.310, a solid waste management authority, or a port authority that  
7 pledges the revenue of a revenue-producing capital improvement and that is  
8 payable solely from the revenue of the revenue-producing capital  
9 improvement;

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11 additionally secured;

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13 service area under AS 29.47.440 or former AS 29.58.340; or

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17 security; or

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19 \* **Sec. 9.** AS 44.85.410 is amended by adding a new paragraph to read:

20 (9) "regional health organization" has the meaning given in  
21 AS 18.28.100.

22 \* **Sec. 10.** This Act takes effect immediately under AS 01.10.070(c).



# YUKON-KUSKOKWIM HEALTH CORPORATION

"Working Together to Achieve Excellent Health"

Date: November 25, 2014

Mr. Christopher Mandregan, M.P.H., Director  
Alaska Area Native Health Service  
4141 Ambassador Drive, Suite 300  
Anchorage, AK 99508

Dear Director Mandregan,

The 2014 Joint Venture Construction Program represents a significant opportunity for Yukon Kuskokwim Health Corporation (YKHC) to address critical needs across the 58 tribes in our region. Our pre-application and final application clearly highlights our 1. Relative Need, 2. Ability to Fund Project, 3. Ability to Manage Project, as well as our 4. Ability to Complete Project on Schedule.

Relative Need - YKHC Need Score is the direct result of our large patient population, an aged deteriorating facility and its unique remoteness.

Ability to Fund Project - YKHC has been a long term financially stable organization. We have considered our reserves, tested the financial markets and are prepared to secure substantial project funding.

Ability to Manage the Project - The Steering Committee is in place, our planning team (Innova) is underway, our design team (Bettisworth North w/ ZGF) is selected and proceeding. Uniquely qualified, YKHC has internal staff with successful healthcare design and construction management experience with projects ranging up to \$3.5B in value. To assist the local project management, YKHC will partner/hire the services of Health Care Project Management team. For the past 15 plus years, YKHC has been licensed as a "force account" general contractor and has completed over \$250M in various capital projects. For this project, YKHC will Joint Venture with a larger experienced health care general contractor.

Ability to Complete the Project on Schedule - With the planning and design underway, funding resources aligned, and an experienced management team in place, YKHC is prepared to complete the new Primary Care Clinic and phased Hospital renovation on time and budget.



# YUKON-KUSKOKWIM HEALTH CORPORATION

"Working Together to Achieve Excellent Health"

YKHC is excited to submit this application which promises to transform healthcare in our region for years to come. Our staff, as represented by Newton Chase, Vice President of Support Services at 543-6558 or 545-1958 or [newton\\_chase@ykhc.org](mailto:newton_chase@ykhc.org), are available for any questions, clarifications or concerns regarding this project application.

Sincerely,

Dan Winkelman  
President/CEO

# YKHC JVCP APPLICATION

NOVEMBER, 2014

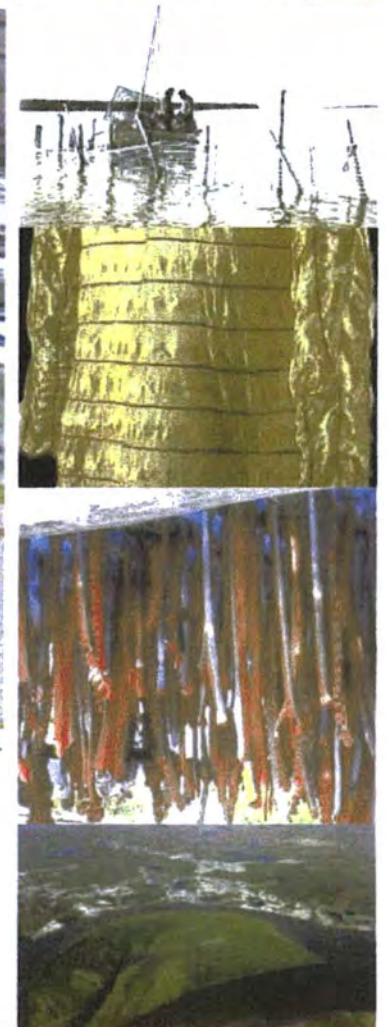




View from east illustrating existing hospital to the left and new clinic to the right.

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- A4 Overall Plan
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- A7 Clinic Second Floor Plan
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- A9 Building Section
- A10 Exterior - Entry Rendering
- A11 Interior - Gathering Space Rendering
- A12 Hospital Renovation Phasing Plan



JVCP NEW CLINIC AND HOSPITAL RENOVATION  
BETHEL, ALASKA



YUKON-KUSKOKWIM HEALTH CORPORATION

*Working Together to Achieve Excellent Health*

BETTISWORTH<sup>NORTH</sup>

JONES ■ JONES

ZGF

A1

# PROJECT DESCRIPTION

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



Drawing of a traditional qasgi. Image from *Eskimo Architecture*<sup>2</sup>



<sup>1</sup> Fienup-Riordan, Ann. "Qasgimi: In the Qasgi." Yuungnaqpiaterput: The Way We Genuinely Live. The Anchorage Museum & the Calista Elders Council. 3 Jan. 2008. Web. 22 Nov. 2014. <<http://yupikscience.org/qasgi/index.html>>

<sup>2</sup> Lee, Moly and Gregory A. Reinhardt. "Southwest Alaska: Bering Sea, Siberia and Gulf of Alaska." *Eskimo Architecture: Dwellings and Structures in the Early Historic Period*. Fairbanks, U of Alaska. 2003. 128. Print.

- This project is an opportunity to create a sustainable healthcare community and improve the greater YKHC campus with a facility that is designed for the future, is culturally respectful, and provides the apex in contemporary health care and wellness.

- The ramping entry drive reduces distance and eliminates stairs between drop-off and entry; it's connectivity to existing boardwalks and gentle ramp create a pedestrian friendly environment & access point.

- An efficient circulation spine connects the existing hospital and new clinic; consistent circulation & public areas on all three levels of new clinic improves efficiency and wayfinding.

- Clinic waiting areas on each floor are provided with views and daylight; a new atrium in the hospital provides daylight to renovated patient rooms.

- Modular layouts are used throughout the new clinic, from exam rooms to integrated team work areas, allowing for flexibility and growth.

- The Primary Care, Wellness Center, & Lab are located on the first level of the clinic, in close proximity to the relocated Pharmacy and main entry.

- The clinical departments of Specialty Clinic, Audiology, & Dental are located adjacent to one another north of the circulation spine on the second level of the clinic, with support spaces to the south.

- On the third level of the clinic, a new shared conference room has views to the river and mountains beyond. Rehabilitation Services and the Behavioral Health Suite share the third level clinical spaces.

- Vertical elements on the clinic exterior echo the texture of traditional wood-framed structures; ribbons of color emulate the hues and rhythm of salmon drying on racks with sunlight streaming between.

- The greater volume of the new clinic steps down to the scale of the existing hospital through the main entry/connector volume.

- Similar scale massing and matching materials and fenestration on the re-skinned hospital and new clinic create visual continuity between the two buildings.

- Paralleling the property line, the new clinic is joined to the existing hospital by the connector volume in a sweeping bend that also parallels the bend of the Kuskokwim River defining Bethel's southern edge.

- The connector between the existing hospital and the new clinic is a gathering space: it is a contemporary take on the traditional qasgi, or communal men's house.

*During our ancestors' time, they said that the qasgi was the foundation of a community. A place without a qasgi wasn't recognized as a community.*  
-Frank Andrew, Kwigillingok<sup>1</sup>

- As the principal architectural expression, this gathering space will promote social interaction, enhance the connection to the outdoors with views and daylight, and provide a vital community center within the hospital & clinic, the YKHC healthcare campus, Bethel, and the YK Delta region.



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BETHEL, ALASKA



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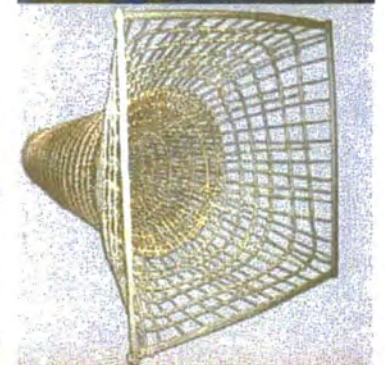
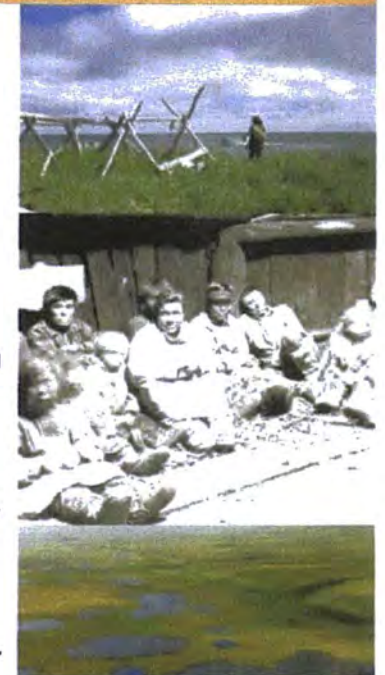
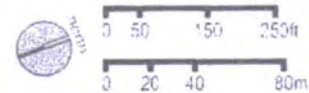
**MASTER PLAN FEATURES**

- Safe & functional vehicular & pedestrian circulation
- New entry access drive off of Chief Eddie Hoffman Highway
- Main entry drop off loop: Vehicular & pedestrian access to the main entrance at first floor grade
- Drop off area: Accessible parking, taxi queuing & space for a public transit stop, consideration of space for seasonal parking of ATVs & snow machines
  - Visitor parking: Approximately 150 vehicles
  - Walkways: Safe & convenient access to clinic's main entry
    - Landscaping: Native tundra vegetation and trees in bermed planting beds at the drop off loop, parking areas & pedestrian circulation
      - Consideration of views, solar aspect, seasonal weather patterns, & the seasonal subsistence calendar guide landscape design.
        - Reorganized existing parking area: Main entry aligns directly with Old Hospital Road to provide safe vehicular patterns and a safer intersection for pedestrians



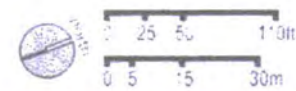
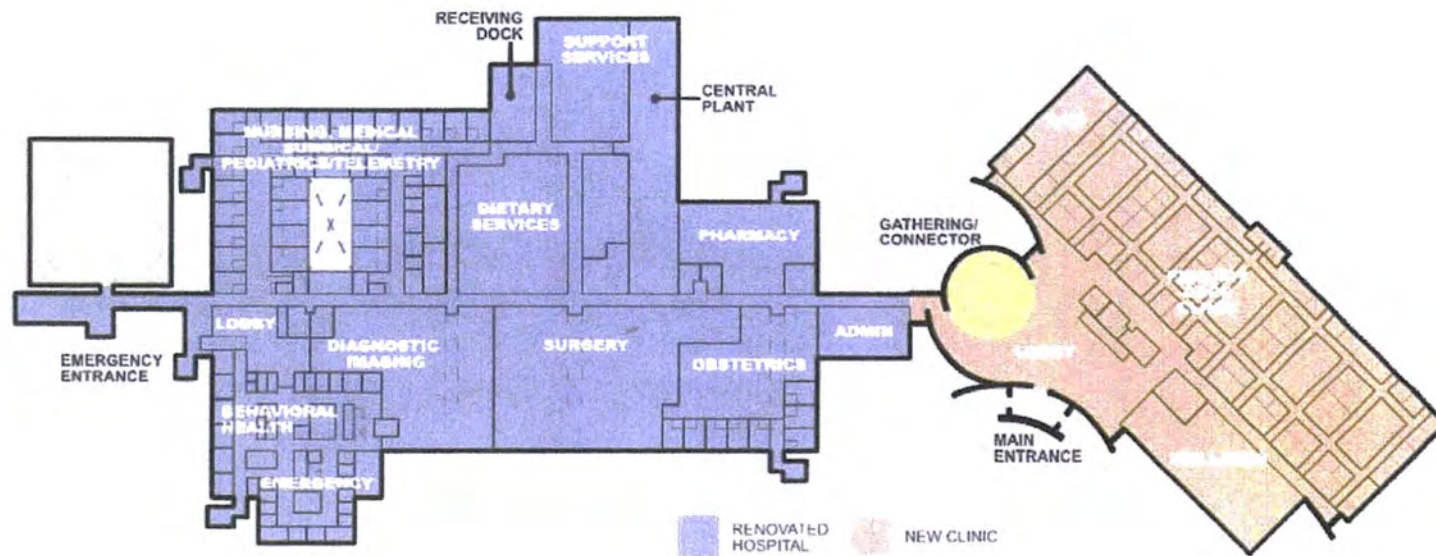
**LEGEND**

- 1 HOSTEL
- 2 BUILDING 800 STAFF HOUSING
- 3 KEYS HEALTHY HOUSING
- 4 WATER TOWER
- 5 SERVICE ACCESS PLATFORM
- 6 WEST WING ADMINISTRATION BUILDING
- 7 RENOVATED EXISTING YUKON-KUSKOKWIM DELTA REGIONAL HOSPITAL
- 8 NEW CLINIC
- 9 AMBULANCE ACCESS PLATFORM
- 10 COMMUNITY HEALTH SERVICES BUILDING (CHSB)



# OVERALL PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



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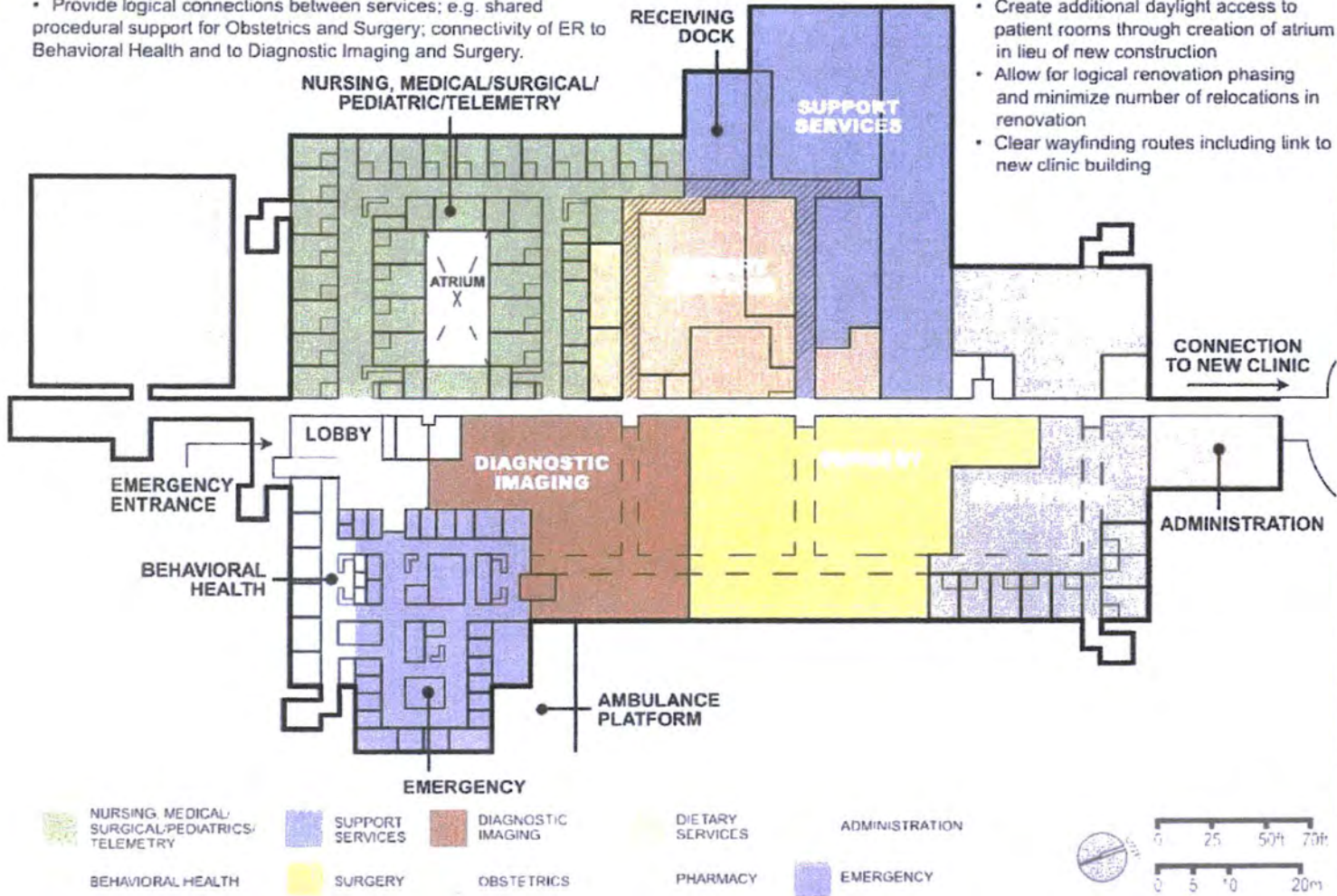
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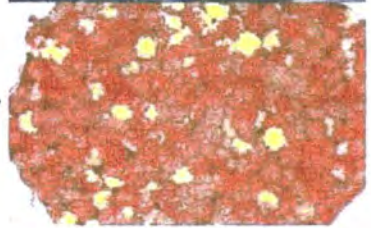
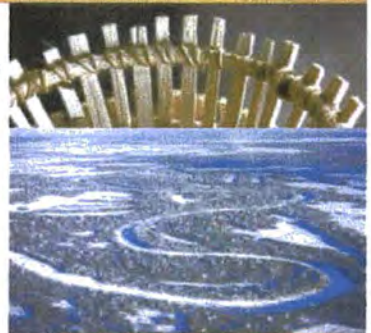
# HOSPITAL RENOVATION PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014

- Provide logical connections between services; e.g. shared procedural support for Obstetrics and Surgery; connectivity of ER to Behavioral Health and to Diagnostic Imaging and Surgery.



- Create additional daylight access to patient rooms through creation of atrium in lieu of new construction
- Allow for logical renovation phasing and minimize number of relocations in renovation
- Clear wayfinding routes including link to new clinic building



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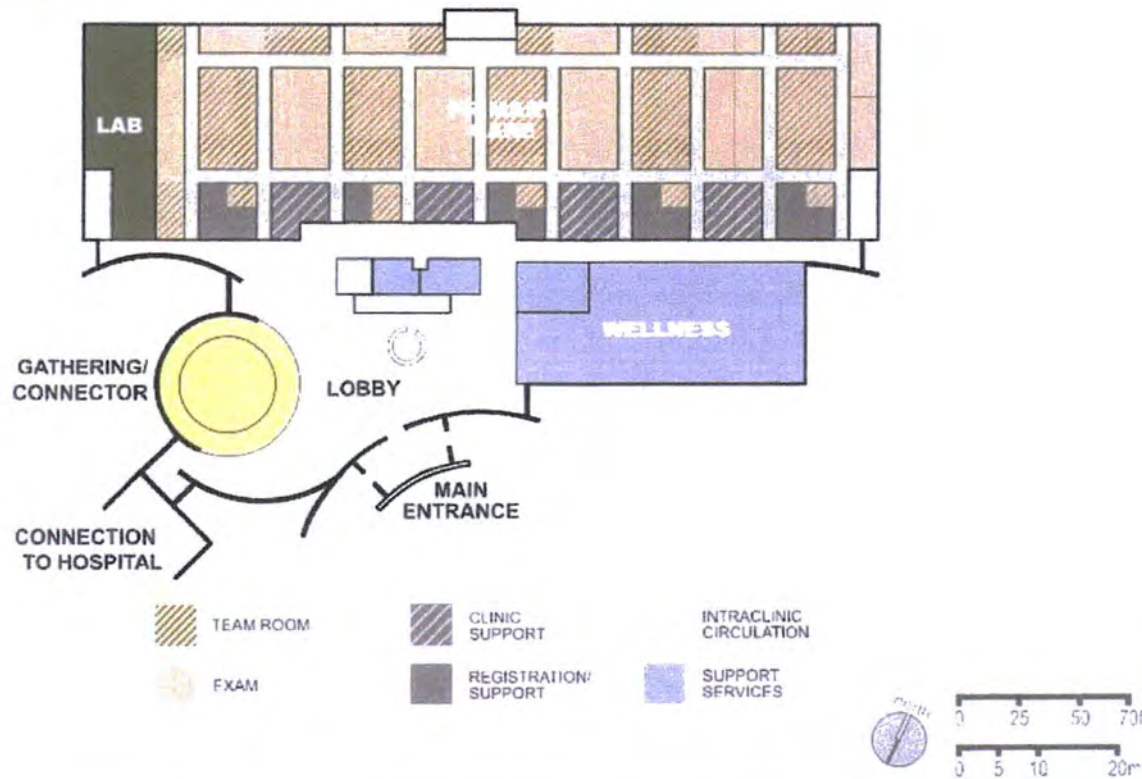


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# CLINIC FIRST FLOOR PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014

- Flexible planning module allows for departmental growth and IHS "Improving Patient Care" concepts
- Flexible and adaptable room types allow for multi-use or shared function
- Clinic module designs will be repeated on each floor allowing for familiarity and efficiency
- Clinic module design will allow for natural light and exterior views wherever possible
- Clinic Team Room design will foster collaboration and interaction, while empowering each team member to work to the full capability of their license
- Integrated Care
- Execution of Improving Patient Care program



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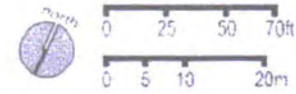
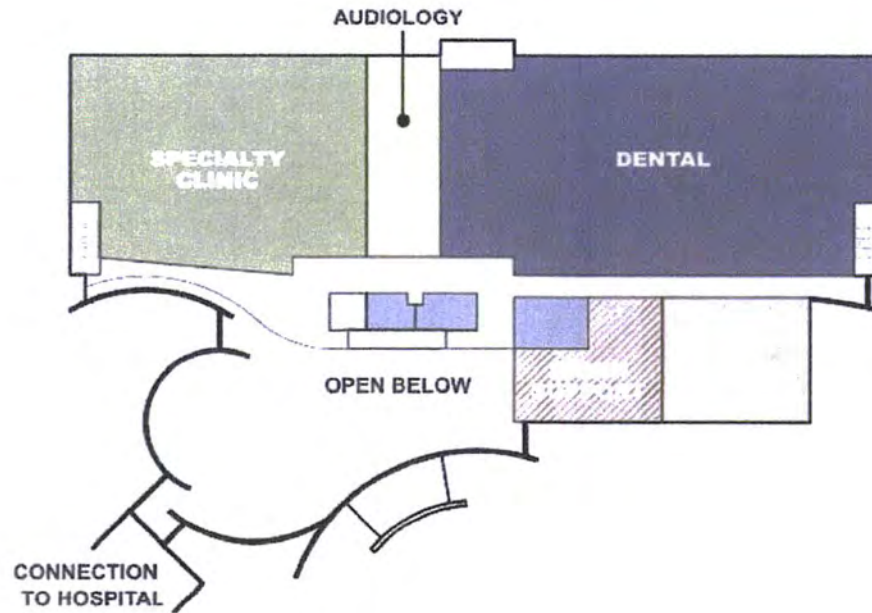
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# CLINIC SECOND FLOOR PLAN

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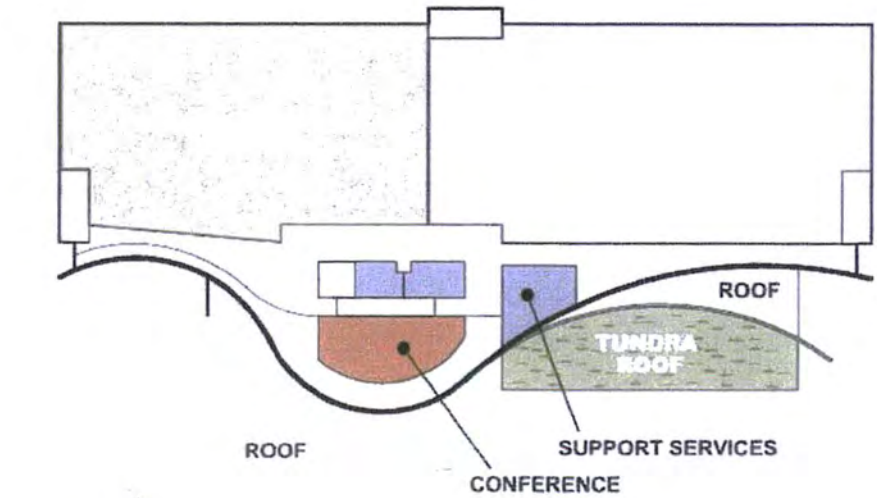
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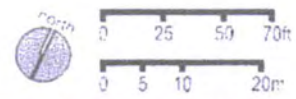
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# CLINIC THIRD FLOOR PLAN

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CONNECTION TO HOSPITAL



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# EXTERIOR - ENTRY RENDERING

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



View of main entry from the east. Vertical elements on the clinic exterior echo the texture of traditional wood-framed structures; ribbons of color emulate the hues and rhythm of salmon drying on racks with sunlight streaming between.

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# INTERIOR - GATHERING SPACE RENDERING

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View of interior looking northwest. The connector between the existing hospital and the new clinic is a gathering space. It is a contemporary take on the traditional qasgi, or communal men's house - "the social and ceremonial center of village life".

3. Flenup-Riordan, Ann. "Qasgim: In the Qasgi." *Yuungnaqpiallerput: The Way We Genuinely Live*. Seattle, WA: U of Washington, 2007. 31. Print.

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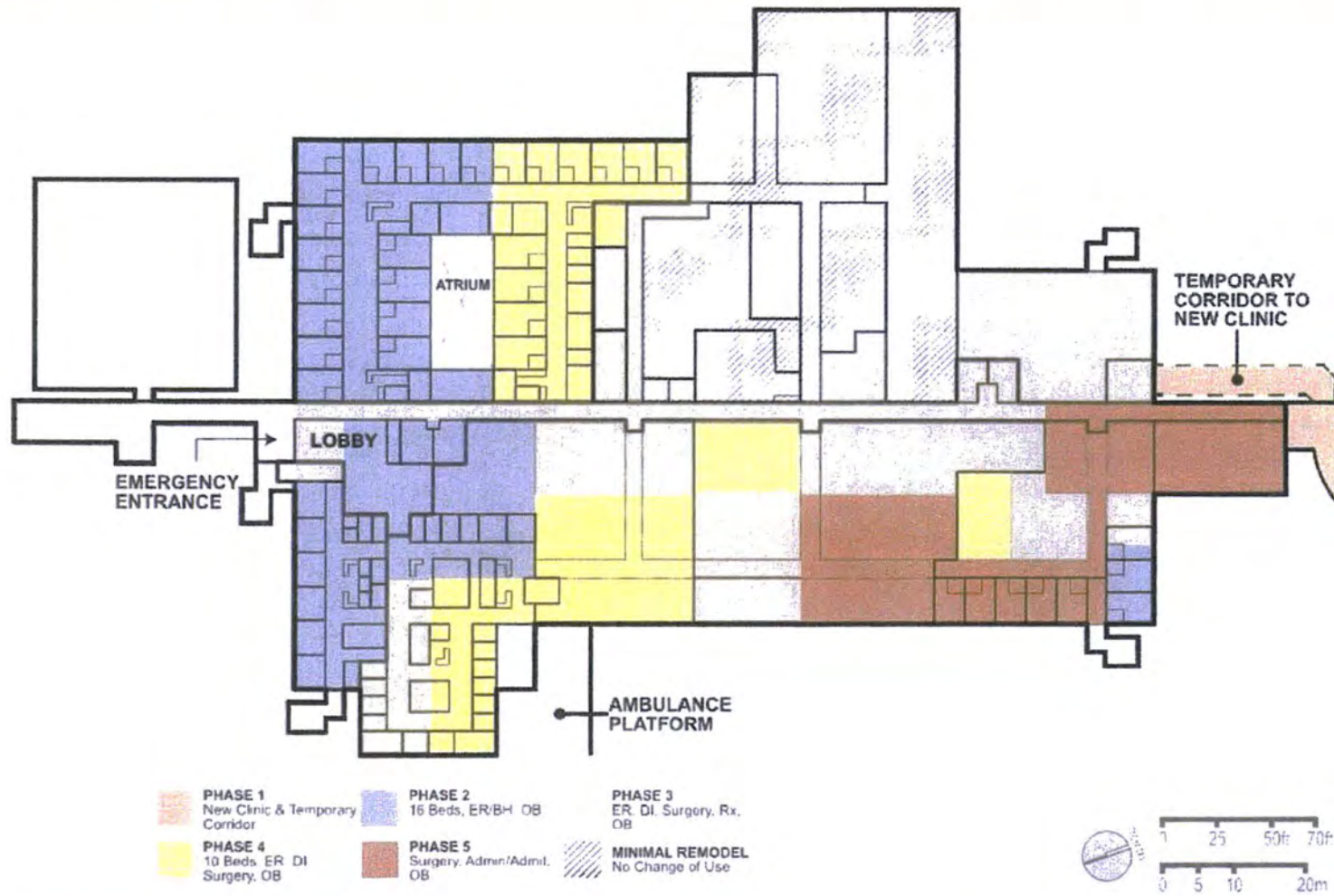
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# HOSPITAL RENOVATION PHASING PLAN

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# QUESTIONS

