

Leg. Finance - House & Senate Finance Comte Files (1975-76) 413

HB 438 cont., HB 439, 441

Original sponsor: Gardiner

1 IN THE HOUSE

BY ~~THE FINANCE COMMITTEE~~

2 CS FOR HOUSE BILL H.B. 438 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the leasing of state lands."

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

8 * Section 1. AS 38.05.315(c) is amended to read:

9 (c) Eligible applicants under (b) - (d) of this section are
10 limited to nonprofit corporations, associations, clubs, or societies
11 organized and operated exclusively for charitable, religious, scientific,
12 or educational purposes, or for the promotion of social welfare, if the
13 project for which the land is desired conforms to those objectives and
14 not commercial development. No lease of land may be granted under this
15 section for a project closed to the use and enjoyment of the general
16 public. In every case the applicant shall submit evidence that it is
17 exempt from payment of federal income tax. As a condition of and in
18 consideration of the rights acquired under a lease granted under (b) -
19 (d) of this section, each eligible organization and its parent or sub-
20 sidary organizations shall (1) maintain and preserve books, accounts,
21 and records that the director prescribes by regulation as necessary and
22 appropriate; and (2) accord at all reasonable times to the state and its
23 authorized agents and auditors the right of access to those books,
24 accounts and records for the purpose of inspecting, examining and copying
25 them. Any information provided the state in the course of an audit
26 becomes a matter of public record.

27 * Sec. 2. AS 38.05.107 is repealed.

*not required
W. J. Gardiner
11/20/64*

1199

Jail

Original sponsor: Gardiner

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CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

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RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

"An Act making a supplemental appropriation to the Department of Administration for state salaries covered by the General Government Contract Settlement; and providing for an effective date."

COMMITTEE REPORT

4/16/75

HOUSE

FINANCE

Mr. Speaker:

Date 21 Apr 75

The Committee on STATE AFFAIRS has had HB 439

under consideration. A Majority of the members of the Commi

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR 613 439 *(same title)* AND THAT

CS FOR HB 439 DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u><i>Bill Pugh</i></u>	<u><i>Allen M. Linder</i></u>	_____
<u><i>Jim J. Sullivan</i></u>	_____	_____
<u><i>By the Clerk</i></u>	_____	_____
<u><i>Joe McKinnon</i></u>	<u><i>_____</i></u>	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

Bill Pugh Chairman

"An Act making a supplemental appropriation to the Department of Administration for state salaries covered by the General Government Contract Settlement; and providing for an effective date."

COMMITTEE REPORT

4/26/75

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 439

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

_____ Chairman

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/26/75
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 439

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Administration for state salaries
8 covered by the general government contract settlement;
9 and providing for an effective date."

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

11 * Section 1. The sum of \$4,698,200 is appropriated to the Department of
12 Administration for the purpose of paying the salaries of state employees
13 covered by the general government contract settlement for fiscal year 1975.
14 The sources of this appropriation are as follows:

	Fiscal Year 1975
15	
16 General Fund	\$3,973,200
17 International Airport Revenue Fund	135,300
18 Fish and Game Fund	45,100
19 Highway Working Capital Fund	15,500
20 Teachers Retirement System	10,800
21 Public Employees Retirement System	10,800
22 Agricultural Revolving Loan Fund	1,900
23 Veterans Revolving Loan Fund	19,700
24 FICA Fund Reserve Account	1,900
25 Surplus Property Account	8,500
26 Second Injury Fund	1,900
27 Sick and Disabled Fishermen's Fund	1,900
28 Donated Commodities Fee Reserve Account	1,900
29 Federal Program Receipts	<u>469,800</u>

\$4,698,200

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

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3-07
Rem 135

Introduced: 4/16/75
Referred: State Affairs and
Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 439

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Administration for state salaries
8 covered by the General Government Contract Settlement;
9 and providing for an effective date."

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

11 * Section 1. The sum of \$4,968,200 is appropriated from the general
12 fund to the Department of Administration for the purpose of paying the
13 salaries of state employees covered by the General Government Contract
14 Settlement, for Fiscal Year 1975.

15 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).

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COMMITTEE COPY

HB 439

April 16, 1975

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill appropriating to the Department of Administration for the purpose of paying the salary increases due under the General Government Contract Settlement.

Sincerely,

Jay S. Hammond
Governor

GENERAL GOVERNMENT CONTRACT FY 75/FY 76

Estimated FY 75 and FY 76 Operating Budget Cost increase for the General Government Contract as applied to the General Government Bargaining unit employees are as follows:

		<u>FY 75</u>	<u>FY 76</u>
Total Estimated Cost		<u>\$4,698,200</u>	<u>\$9,572,300</u>
Funding:			
General Fund	84.57%	3,973,200	8,095,500
International Airport Revenue Fund	2.88%	135,300	275,700
Fish and Game Fund	.96%	45,100	91,900
Highway Working Capital Fund	.33%	15,500	31,600
Teachers Retirement System	.23%	10,800	22,000
Public Employees Retirement System	.23%	10,800	22,000
Agricultural Revolving Loan Fund	.04%	1,900	3,800
Veteran's Revolving Loan Fund	.42%	19,700	40,200
FICA Fund Reserve Account	.04%	1,900	3,800
Surplus Property Account	.18%	8,500	17,200
Second Injury Fund	.04%	1,900	3,800
Sick and Disabled Fishermen's Fund	.04%	1,900	3,800
Donated Commodities Fee Reserve Account	.04%	1,900	3,800
Federal Program Receipts	10.00%	469,800	957,200

GENERAL GOVERNMENT FY 76 COSTS

Cost calculated by adjusting the FY 75 cost for the following factors:

- 1) increase to 12 month funding
- 2) increase for new positions 5.7%
- 3) merit increase 1.5%
- 4) reclassifications and full funding 2.8%

Items 2, 3, and 4 would result in a 10% increase for FY 76 which appears reasonable when compared to the personal services in the FY 75 budget plus revised of \$230,237,700 versus the FY 76 request of \$252,324,600. This represents a 9.6% increase.

\$7,233,700 × 9% × 12	(9% raise)	\$7,812,400
\$7,233,700 × 15% × 3.75% × 12 × (1.09)	(area differential)	532,200
300 (employees) × 11 (days) × \$48	(holidays)	158,400
43,800 (days) × \$5	(per diem)	219,000
10% adjustment to pay items		<u>850,300</u>
Total FY 76 Cost		\$9,572,300

Article II Section 2 (d) (I) requires that temporary employees receive pay for holidays. There are an estimated 300 budgeted temporaries that will receive an additional 11 days of pay per year at an estimated rate of \$48 per day (Rg 9c)

300 (employees) x 1 (day) x \$48 x (1/2 year)

\$ 14,400

Article XXXIX Section I adjusted the basic per diem rate upward by \$5 per day to a short term minimum rate of \$40.

Budgeted travel for FY 75 is \$10,500,000 of which 50% is estimated for per diem at an average rate of \$40 per day which yields 131,250 days of per diem. An estimated 1/3 of this would be applicable to General Governments employees for 1/2 year equals 21,900 days of travel

21,900 x \$5

109,500

\$ 4,698,200

COST CALCULATIONS FOR GENERAL GOVERNMENT UNIT

	<u># of Employees</u>	<u>Average Salary</u>	<u>Total</u>
Total per 3/26/75 Report	5,365	14,001	75,118,900
Less Capital Improvement positions	<u>367</u>	<u>15,139</u>	<u>5,556,200</u>
	4,998	13,918	69,562,700
 Estimated Overtime			<u>4,000,000</u>
Yearly base salary at March Rates benefits @ 18%			73,562,700 <u>13,241,300</u>
 Yearly Cost in Operating Budget			\$86,804,000
		divided by	<u>12</u>
 Monthly Cost at March rates			7,233,700
		divided by	<u>1.04</u>
 Monthly Cost at February rates			6,955,400

COST CALCULATIONS

Article XXXVIII Section 1a Requires payment of 19.82% pay received for period ending 2/15/75

$$\$6,955,400 \times 19.82\% = \$ 1,378,600$$

Section 1b and c and 2a require adjustment of 9% of pay for periods ending 3/15 and 4/15 and implementation of the pay schedule effective 4/16/75. The effect of these is the same as an adjustment of 9% for the remainder of the year based on March rates of pay

$$\$7,233,700 \times 9\% \times 4.5 \text{ months} = \$ 2,929,600$$

Section 3 provides for geographic pay differentials. The major change being a 1 step (3.75%) increase for Fairbanks and Valdez. The estimated % affected by this change is 15%. Period of coverage starts 1/1/75. After 19.82% retroactive adjustment 1/1/75 to 2/15/75 pay approximates March pay rates. Therefore the calculation is based upon March rates.

$$(1.09) 7,233,700 \times 15\% \text{ (eligible)} \times 3.75\% \text{ (rate)} \times 6 \text{ (months)} = \$ 266,100$$

(4)

ALASKA STATE LEGISLATURE

NINTH Legislature FIRST Session

HOUSE BILL NO. 439

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act making a supplemental appropriation to the Department of Administration for state salaries covered by the General Government Contract Settlement and providing for an effective date."

Gen Govt salary increase

Introduced in the House 4/16/75

HISTORY IN THE HOUSE

19 75

Apr 16

Read first time and referred to Committee on State Affairs and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/26/75
Referred: Finance

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\$4,698,200

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3 070(c).
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Introduced: 4/16/75
Referred: State Affairs and
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MB 4-39

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21,900 x \$5 109,500

\$ 4,698,200

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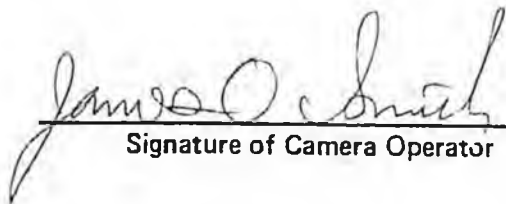
$$(1.09) 7,233,700 \times 15\% \text{ (eligible)} \times 3.75\% \text{ (rate)} \times 6 \text{ (months)} = \$ 266,100$$



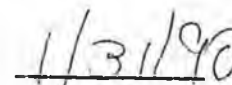
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

COMMITTEE REPORT

4/13/75

HOUSE

Mr. Speaker:

Date 5 21

The Committee on FINANCE has had HB 441

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH ^{Finance} CS FOR HB 441 AND THAT

^{Finance} CS FOR HB 441 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends: <u>do not pass</u>
_____	recommends:
_____	recommends:
_____	recommends:
_____	recommends:

J. Malone Chairman

file 43441

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is made the 27th day of March, 1975, by and between the University of Alaska (hereinafter UA) and Alaska Methodist University (hereinafter AMU).

W I T N E S S E T H:

WHEREAS, AMU is willing to sell its campus and buildings and certain personal property at Anchorage, Alaska; and

WHEREAS, UA is desirous of purchasing said campus, buildings and personal property;

NOW, THEREFORE, the parties agree as follows:

1. AMU agrees to convey to UA in fee simple absolute its entire campus at Anchorage, Alaska, with the exception of the following described ^{Acres.} parcels ^{containing 22.5 acres in all *}

Parcel No. 1

The Southwest quarter (SW 1/4) of the North-east quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The West half (W 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The South half (S 1/2) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

B *3/28/75*
*USE IS RESTRICTED BY EARLIER AGREEMENT BETWEEN THE PARTIES
llw

Together with a guaranteed one hundred foot (100') road easement from the Northwest corner of Parcel 4 North to University Drive and a guaranteed one hundred foot (100') road easement from the Southeast corner of Parcel 2 East to the section line.

The land which is agreed to be conveyed hereby, excluding the above-described parcels, contains approximately 267.5 acres and is more fully described as follows:

Parcel No. 1

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 2

The Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 3

The Northeast quarter (NE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 4

The Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 5

The East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of the Southeast quarter (SE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 6

The East half (E 1/2) of the East half (E 1/2) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 7

The South half (S 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 8

The North half (N 1/2) of the South half (S 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 9

The North half (N 1/2) of the Northwest quarter (NW 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 10

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 11

The North half (N 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 12

The South half (S 1/2) of the Southwest quarter (SW 1/4) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 13

The East half (E 1/2) of the Northeast quarter (NE 1/4) of the Southwest quarter (SW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 14

The South half (S 1/2) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 15

The Northwest quarter (NW 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 16

The South half (S 1/2) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 17

The Northwest quarter (NW 1/4) of the Northeast quarter (NE 1/4) of the Northwest quarter (NW 1/4) of Section 27 (S27), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 18

All that portion south of University Drive of the North half (N 1/2) of the Southwest quarter (SW 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

Parcel No. 19

All that portion south of University Drive of the Northwest quarter (NW 1/4) of the Southeast quarter (SE 1/4) of the Southeast quarter (SE 1/4) of the Northeast quarter (NE 1/4) of Section 28 (S28), Township 13 North (T13N), Range 3 West (R3W), Seward Meridian.

2. AMU agrees to transfer to UA all improvements on said real property. The buildings include the following:

- a. Gould Hall
- b. Grant Hall
- c. Campus Center Buildings
- d. Behavioral Science Building
- e. Faculty housing (9 units)
- f. Maintenance and storage buildings

3. UA agrees to pay the sum of \$15,427,000.00 for the above-listed real property and improvements. The terms of said payment shall be as follows:

- a. The sum of \$3,000,000.00 as a down payment. Said down payment shall be reduced by the sum of the obligations for salary at current AMU rates assumed by UA as a result of the termination by AMU of its faculty contracts due to the closure of AMU and the employment

by UA of some or all of the AMU faculty. The exact sum of said obligation shall be determined prior to May 1, 1975, by the joint UA-AMU administrative task force subject to the approval of the Presidents of the two Universities and shall be limited to the salary obligations at current AMU rates for faculty actually employed by UA for the 1975-1976 school year.

b. UA shall assume AMU's rights and obligations under that certain Indenture dated October 1, 1972, between AMU and the First National Bank of Anchorage, as Trustee, and under that certain Indenture dated April 1, 1966, between AMU and the First National Bank of Anchorage, as Trustee. The said Indentures have a principal balance of \$2,721,000.00, of which principal balance the sum of \$100,000.00 is presently in arrears. The additional sum of \$250,000.00 is presently due and owing under said Indentures, which sum includes \$95,000.00 interest in accordance with the payment schedules under said Indentures, \$140,000.00 deficiency in the sinking fund provided for in said Indentures, and the sum of \$15,000.00 in miscellaneous interest and penalties under said Indentures. UA agrees to assume all of said principal, interest and penalty obligations and bring all arrearages current. It is understood by the parties that the concurrence of the Trustee and the bond holder under said Indentures will be required prior to the assumption by UA of AMU's obligations under said Indentures. The parties agree to jointly approach said Trustee and bond holder to secure their approval to the assumption. The purchase price set out hereinabove shall be reduced by the amount of the assumed indebtedness under said Indentures.

H

c. The first installment of the down payment shall be due on or before April 15, 1975 and shall be the sum of \$1,000,000.00. The balance of said down payment shall be due on July 1, 1975.

4. AMU shall, in addition, sell to UA furniture, fixtures and other personal property for an additional sum not to exceed \$800,000.00. Schedules of said furniture, fixtures and other personal property shall be prepared and affixed to this agreement as exhibits. UA shall ^{pay for} ~~have the right to~~ an independent appraisal of said personal property, ^{(the appraiser(s) to be jointly selected)} ~~which appraisal~~ shall determine the price ^{for such property.} ~~set forth above.~~ ^{AMU may withhold any items which it believes is priced too low by the appraisal and UA may decline to purchase any items.} ~~and must agree to any valuation in said price.~~ The parties understand that certain personal property may be subject to restrictions in the applicable deed of gift and AMU may therefore be required to retain said property.

Spec.
Inventory and
As
A

5. The balance of the purchase price shall be paid in ten annual installments commencing on the 1st day of July, 1976. Each annual installment shall equal one-tenth of the principal balance remaining after payment of the down payment provided for in paragraph 3(a) herein together with accrued interest on the unpaid balance. Interest on the unpaid balance shall be prime rate charged by the Bank of America as of the effective date of this memorandum of agreement.

6. The unpaid balance due under the terms of this agreement shall be evidenced by a promissory note which shall be secured by an appropriate deed of trust on the real property and improvements transferred hereby and by an appropriate security agreement covering the personal property transferred hereby. The deed of trust and security agreement shall be superior to all other security interests in said real and personal property with the exception only of the indentures described in paragraph 3(b) hereinabove. The deed of trust and security agreement shall provide for a minimum of six months within which any default

under said deed of trust and security agreement may be cured by UA.

7. AMU shall retain its art collection and its Alaskan library.

8. AMU shall retain AMU Press and the publication rights to all periodicals now published by AMU Press and the copyrights to all books published by AMU Press since the establishment of AMU Press, together with current inventory of books and periodicals.

9. AMU shall retain all AMU student records. AMU shall have the right to transfer said student records to UA at some future time. In such event UA agrees to maintain the AMU student records and to answer and provide information and transcripts based upon such records upon request.

10. UA shall retain in perpetuity all existing building names, memorials, monuments, plaques or other memorial or commemorative designations or identifications on the AMU campus.

11. The parties through the negotiating committees, the Board of Regents and Board of Trustees respectively, and through the parties' legal counsel shall cooperate fully in securing approval of the sale by the Legislature of the State of Alaska and by the United States Department of the Interior. Both parties agree to use their best efforts to promptly secure the approval of both of said agencies. It is understood by both parties that the price and payment terms set forth herein are subject to approval by the Legislature. AMU reserves the right to withdraw from this Agreement, without penalty or obligation, at any time prior to approval of the sale under the terms set forth herein and the funding of said sale as agreed herein by the Legislature and the Governor.

12. The details regarding the implementation of the transfer of the property and improvements of AMU to UA shall be

negotiated by the joint AMU/UA administrative task force subject to the approval of the Presidents of the two institutions. Any dispute which cannot be finally resolved between those groups shall be submitted to the sale negotiating committees appointed by the Regents and Trustees of the two universities.

2 *13* *AMU will defend UA from and from any litigation or liability arising in relation to the operation of AMU or arising prior to the transfer of possession of the premises to UA.*

14. It is understood and agreed by the parties hereto that this agreement is a preliminary agreement intended to express the general understanding of the parties with regard to the terms of the sale and that this agreement may require amendment, modification or substitution at a later date.

DATED the day, month and year first written herein-
above.

ATTEST *March 27, 1975*
[Signature]
SECRETARY, BOARD OF REGENTS

UNIVERSITY OF ALASKA

By: *[Signature]*
ITS President, Board of Regents

ALASKA METHODIST UNIVERSITY

By: *[Signature]*
ITS President, Board of Trustees

DIRKSEN APPRAISAL COMPANY

PAUL P. DIRKSEN, S.R.A.-R.M.

531 West Third Avenue, Anchorage, Alaska 99501

(907) 277-8675

December 31, 1974

RECEIVED
OFFICE OF PLANNING &
INSTITUTIONAL STUDIES

DATE: JAN 8 1975 ICG# 2
DCM | RAH | [initials]

Dr. Donald C. Moyer
Director of Planning
University of Alaska
Fairbanks, Alaska 99701

Re: Appraisal of Alaska Methodist University

Dear Dr. Moyer:

As requested, I have made an inspection and preliminary analysis of the value of land and buildings owned by Alaska Methodist University. The land is described as follows:

- The NW $\frac{1}{4}$ Section 27 EXCEPT The NE $\frac{1}{4}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ Section 27;
- The N $\frac{1}{2}$ SW $\frac{1}{4}$ Section 27;
- The NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 28;
- The SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 27 lying South of University Drive;
- The E $\frac{1}{2}$ E $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 27 lying North of University Drive;
- The SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ North of University Drive.

The gross area is approximately 292.69 acres.

Alaska Methodist University proposes to sell this property to the University of Alaska. The purpose of this preliminary estimate is to ascertain a fair price to be paid for the real estate. While the final appraised value may vary somewhat from this preliminary estimate, it should not be significantly different.

In my opinion, the Market Value of the Alaska Methodist University real estate as of December 27, 1974 is:

NINETEEN MILLION, TWO HUNDRED THOUSAND

(\$19,200,000)

See p. 6 for restriction on release of this info. to public media!

Allocation:

<u>Improvements</u>	<u>Present Value</u>
(1) Underground Utilities	\$ 277,186
(2) Parking	69,027
(3) Student Union	5,663,886
(4) Grant Hall	3,654,500
(5) Gould Hall	1,409,600
(6) Behavioral Sciences	31,159
(7) Shop Garage	52,029
(8) Ski Jump	67,900
(9) Carillon	72,750
(10) Tennis Courts	28,384
(11) Hockey Rink	24,302
(12) Landscaping	158,586
(13) Faculty Residences (including land)	652,500
Total Improvements	\$12,161,818
Land	7,000,000
TOTAL VALUE ALASKA METHODIST UNIVERSITY REAL ESTATE	\$19,161,818
(rounded)	<u>\$19,200,000</u>

Methodology:

The subject is a special purpose property. The standard method of appraising special purpose properties is to value the improvements based on cost new less depreciation then add the land. Depreciation must include all forms including

physical deterioration, functional obsolescence and economic obsolescence when these elements are present.

The land is zoned PLI, Public Lands and Institutions District, by the Greater Anchorage Area Borough. This district is intended to include major open lands, major public and quasi public institutional uses. The standard method in appraising land in this type of zoning is to substitute the highest and best use of the land as if it were in the private sector. This is because parks and institutional lands very seldom transfer on a Market Value basis. The highest and best alternate use for this land would be for a PUD, which includes condominiums, apartments, a small amount of offices and commercial and possibly some single family residences. The subject land has been valued on this basis.

There is a restrictive covenant in the patent from the Bureau of Land Management to Alaska Methodist University which restricts the use of this land to school purposes. The sale agreement between Alaska Methodist University and the University of Alaska for 197 acres of adjacent land in 1972 also contained a restriction on the remaining Alaska Methodist University land to school purposes. The land value in this preliminary estimate has not been penalized because of the restrictions placed on the land. Prior to completion of the final appraisal, I would like to have an opportunity to discuss the impact of these restrictions with counsel.

[The land has been appraised with the streets in place. That is to say, land is more valuable with street frontage than land without street access. Therefore, although the streets are privately owned and maintained, the value of those streets is included in the land value.] Near the South end of the property is a 25 acre lake which was created by mining of the gravel resources previously located thereon. Assuming that Chester Creek, which flows nearby, could be diverted in and out of the lake to fill it and freshen it, the lake is an asset to the land. The 25 acre lake area has been deducted from the total land area for purposes of calculation of land value. However, the 58.4 acres surrounding the lake have been valued at a higher unit value than the rest of the land.

The faculty residences have been valued on a comparative basis rather than cost less depreciation. This method includes the land on which a residence is located. Typical lot size for residences of this size is 16,000 square feet each, which would result in 3.32 acres being utilized for faculty housing.

Dr. Donald C. Moyer
December 31, 1974
Page 4

This land value is included with the value of the faculty housing and was, therefore, deducted from the land area which was valued on an acreage basis.

Land Values:

58.4 Acres @ \$35,000/Acre	=	\$2,044,000
192.18 Acres @ \$25,000/Acre	=	4,804,500
<u>13.8 Acres @ \$15,000/Acre</u>	=	<u>207,000</u>
264.38 Acres	TOTAL	\$7,055,500
25 Acre Lake		
3.31 Acres with Faculty Housing		
	(rounded)	<u>\$7,000,000</u>

As requested, the above presentation has been abbreviated with the supporting evidence retained in the appraiser's files. The final appraisal, when requested, will contain the back-up evidence for land value, cost of reproduction estimates and the comparable sales utilized in valuing the faculty housing.

The land areas utilized are approximate. No survey was made, and there is no warranty as to land area.

We acknowledge assistance of Terry Gorsuch, Cost Estimator, and Fred Ferrara, Appraiser, in this report.

We wish to thank you for this opportunity to be of service.

Sincerely,
DIRKSEN APPRAISAL COMPANY

Paul P. Dirksen

Paul P. Dirksen

PPD/sm

Attachments (5)

*In this regard
New Dep. Comm. for Public Works
Council who spoke to Committee
PPD P.1
Dr. Moyer*

351

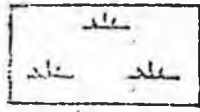
Providence
Hrapt

Tudor

Road

GAAB

Swamp



5.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No legal questions are considered in this analysis, such as titles, encumbrances, etc.. The property is considered as if free and clear.
2. All dimensions and legal descriptions are assumed to be correct, as furnished.
3. All information, as found in data furnished, is deemed to be reliable. If any errors are found, the right is reserved to modify the conclusions reached.
4. No study has been made to determine whether structures may have an infestation, such as termites or dry rot. In the absence of such study, it is assumed the property is free of such problems.
5. While various "approaches to value" and various mathematical calculations have been used in estimating value, these are but aids to the formulation of the opinion of value expressed by the appraiser in this report. In these calculations, certain arithmetical figures are rounded off to the nearest significant amount.
6. The data and conclusions embodied in this appraisal are a part of the whole valuation. No part of this appraisal is to be used out of context; and, by itself alone, no part of this appraisal is necessarily correct, as being only part of the evidence upon which final judgment as to value is based.
7. Employment to make this appraisal does not require testimony in court, unless mutually satisfactory arrangements are made in advance.
8. This appraisal is made in accordance with the standards of the American Institute of Real Estate Appraisers.
9. Fair Market Value is defined as "the price it (the real estate) will bring between a willing buyer and a willing seller, with equity to both.
10. This report is delivered subject to the stipulation that neither all nor any part of the contents shall be conveyed to the public media through advertising, public relations, news, sales or any other media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser, his firm, or any reference to the American Institute of Real Estate Appraisers.

CERTIFICATION:

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
2. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
3. To the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
4. This appraisal report sets forth all of the limiting conditions affecting the analyses, opinions and conclusions contained in this report.
5. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.
6. No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.

RESTRICTION UPON DISCLOSURE & USE:

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Real Estate Boards.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the American Institute of Real Estate Appraisers or to the M.A.I. or R.M. designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the undersigned.



Paul P. Dickson, S.R.A. - R.M.

4 FY

STATE OF ALASKA - BRU OPERATING EXPENDITURES SUMMARY

Agency: University of Alaska

Division: Southcentral Region

file
REVISED

Category Education	Program Higher Education	Sub-program AMU Transfer	Element	Sub-Element				
Component Description	Fiscal Year 1974		FY 1975	Fiscal Year 1976				
	Leg. Appr.	Final Auth	Actual	Authorized	Mainten. / Change / Request	Gov. Buds / Leg. / How		
Administration & General					248.0	248.0		
Public Service					12.6	12.6		
ASC Support					118.5	118.5		
ACC Support					60.9	60.9		
Faculty					815.4	815.4		
Library					89.0	89.0		
Student Services					56.0	56.0		
Physical Plant					569.2	569.2		
Safety & Security					32.4	32.4		
Housing					62.3	62.3		
Bookstore					150.0	150.0		
Food Service					250.0	250.0		
Debt Service					150.0	150.0		
TOTAL					2,614.3	2,614.3		
Object Description								
100 U-100 Personal Services					1,709.1	1,709.1		
200 U-200 Travel					38.8	38.8		
300 U-400 Contractual Serv.					181.7	181.7		
400 U-300 Commodities					414.8	414.8		
500 U-700 Equipment					64.3	64.3		
600 U- Land, etc.								
700 U-500 Schlrs/Grants								
800 U-600 Miscellaneous					205.6	205.6		
Funding Source:								
Federal Receipts								
Req. Gen. Fund Matching								
Other General Fund					1,811.3	1,811.3		
Inter-Agency Receipts								
Student Fees					203.0	203.0		
Other					600.0	600.0		
Positions:								
Full-time Professional					54.7	54.7		
Part-time Professional					3.8	3.8		
Full-time Classified					27.0	27.0		
All other					8.9	8.9		

4

AMU BUDGET

<u>Expense</u>		\$
Original Estimate		3,109.7
Less Registrar Position	19.7	
Various Support Positions	38.9	
Unfilled Faculty Positons (11)		
Recommended by AMU	277.3	
Remote Site Program		
Transferred to Soft Funds	151.8	
Match for Title III Grant	24.9	
Faculty Travel	40.0	
Supplies	20.0	
Physical Plant General	38.3	
Contingency	25.0	
Various Other Cuts	<u>9.5</u>	(645.4)
Add Debt Service		<u>150.0</u>
Adjusted Total		<u><u>2,614.3</u></u>

Sources of Funds:

Tuition & Fees	203.0	- 2 high
Housing	200.0	
Bookstore	150.0	
Food Service	250.0	
	<u>803.0</u>	

State Appropriation	<u>1,811.3</u>	
	<u><u>2,614.3</u></u>	

Office of the State Auditor
EDUCATION DEPARTMENT
100 WEST CHERRY ST. STATE

	Salaries (detail attached)	Travel	Supplies	Contractual Services	Student Aid	Other	Capital	Overhead	Fringe Benefits	Total
Current Non-Restricted Funds	(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
Expense:										
Administration & General:										
Public Relations & Develop.	21,312								3,623	24,935
Military Prog. Admin.	69,768	9,000	18,000	6,000			10,000		11,861	124,629
Dean of Students/Fin'l Aid	30,252								5,143	35,395
Clinic Operation	6,053								1,029	7,082
Admissions & Records	58,008	1,500	5,000						9,861	74,369
Accounting Services	44,376		2,000	2,000		100			7,544	56,020
Personnel Services	19,392		2,000			300			3,297	24,939
Purchasing & Expediting	20,640		2,000			200			3,509	26,349
Bus & Intercampus Mail	18,240								3,100	21,340
Library	74,136		2,000						10,733	86,869
General Institutional	35,808		53,000*	20,000					5,067	113,875
Title III Admin (Matching)						24,941**				24,941
Total	397,935	10,500	84,000	28,000		25,541	10,000		64,767	620,793
Instruction:										
Liberal Arts Faculty	873,325								148,465	1,021,790
Support & Other	78,676	50,000	40,000			2,000	10,000		9,125	189,801
Nursing Support	43,352	25,000	7,000	13,000		(7,277)** (4,400)			6,520	106,549
Total	995,353	75,000	47,000	13,000		13,677	10,000		164,110	1,318,140
Plant Operation & Security:										
Utilities & Administration	10,320	100	40,800	105,700		12,100	1,300		1,754	172,074
Maintenance	103,886	2,000	17,500	35,000			20,000		17,661	196,047
Custodial	151,860	1,700	19,000	4,000		2,500	22,000		25,816	226,876
Security & Safety	25,800								4,386	30,186
Total	291,866	3,800	77,300	144,700		14,600	43,300		49,617	625,183

Revised 3/13/75	Program or Function	Salaries (detail attached)	Travel	Supplies	Contractual Services	Student Aid	Other	Capital	Overhead	Fringe Benefits	Total
Current Non-Restricted Funds		(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
Auxiliary Services:											
	Housing (all)	35,760		7,000			9,000	3,000		6,079	60,839
	Bookstore	10,000		138,300						1,700	150,000
	Food Service	87,032		143,173				5,000		14,795	250,000
	Total	132,792		288,473			9,000	8,000		22,574	460,839
	4% COL Salary Increase (Feb '75)	72,720								12,043	84,763
	Total Expense Current Non-Restricted Funds	1,890,716	89,300	496,773	185,700	--	62,818	71,300	--	313,111	3,109,718
Income:											
	Tuition										168,000
	Continuing Education Fees										25,000
	Other Miscellaneous										10,000
	Total										203,000
	State Appropriation										2,306,718
Auxiliary Services:											
	Housing Rentals										200,000
	Bookstore Sales										150,000
	Food Service Sales										250,000
	Total										600,000
	Total Income Current Non-Restricted Funds										3,109,718

UNIVERSITY OF ALASKA
 SOUTHCENTRAL REGION
 AMU Projected Impact

UNIVERSITY OF ALASKA
 SOUTH CENTRAL REGION
 AYU Projected Impact

Revised 3/13/75	Program or Function	Salaries	Travel	Supplies	Contractual Services	Student Aid	Other	Capital	Overhead	Fringe Benefits	Total
		(100)	(200)	(300)	(400)	(500)	(600)	(700)	(800)	(900)	
Current Restricted Funds											
Expense:											
Administration & General:											
	Title III Administration	43,820	3,000	3,000	10,000		((24,941)***	1,000		7,449	52,328
	ASHES Administration	28,104					(9,000			4,778	32,832
	Total	71,924	3,000	3,000	10,000		(15,941)	1,000		12,227	85,210
Instruction:											
	Liberal Arts Faculty	138,249								23,502	161,751
	Liberal Arts Support	103,080	25,000	40,000			3,000	15,000		17,524	203,604
	Nurse Practical Support	27,696	8,820	400	2,570		((2,337)***	850		4,708	44,507
							(1,800				
	Nurse Leaders Support	9,696	6,322	600	24,534		((4,940)***			1,648	39,450
							(1,600				
	Comm. Mental Health	14,720	2,665	600	1,510	32,100				2,502	54,547
	Nursing Faculty	311,177					450			52,900	364,077
	Total	604,618	42,807	41,600	28,614	32,100	(427)	15,850		102,724	867,945
	4% COL Salary Increase (Feb '75)	27,062								4,000	31,062
	Total Expenses	703,604	45,807	44,600	38,614	32,100	(16,368)	16,850		110,611	934,918
Income:											
	Federal, State, Grants & Contracts										<u>934,918</u>

* Includes \$25,000 contingency for possible salary adjustments and \$25,000 general contingency.
 ** Transfers from non-restricted (hard) to restricted (soft) funds.
 *** Detail not included.

March 15, 1975

Justification for New Positions Proposed in Relation to the Transfer of
AMU Personnel and Facilities

Personnel Services

See attached memo.

Purchasing & Expediting Services

One additional clerical position is necessary to accommodate the increased purchasing activity and the increased property processing and control, and warehouse activity which will be created by the acquisition of AMU personnel, programs, and facilities.

One additional expediter position will be necessary in order to serve the expediting and delivery requirements that will be generated by the expansion of personnel and the acquisition of another facility. This position is considered to be a critical requirement.

Bus Operation & Mail Service

The intercampus bus operation will likely expand to include far more frequent trips to the AMU campus than they now make. In order to expand the schedule, it may be necessary to put another vehicle into operation and will require an additional driver to operate it.

The acquisition of another facility to include residence halls will most definitely put a strain on the intercampus mail system and will require at least one additional mail clerk position. This is considered to be a minimal request.

Physical Plant Administration

The current clerical support to the Physical Plant administration is marginal and is not entirely adequate to accommodate the needs of both the administration and maintenance department and the custodial department. The acquisition of the AMU facility will mean a significant expansion in the maintenance and custodial staffs, thereby creating the need for more clerical support for the department.

March 14, 1975

Physical Plant Maintenance

The policy of the University is to establish maintenance positions by specialty; i.e., plumber, electrician, carpenter, etc. Since it appears that most of the current AMU staff are generalists and because the AMU grounds as we remember them from last summer were neglected by financial necessity, it is felt that the addition of a qualified groundsman would be necessary in order to maintain the grounds at the same level of quality as the UAA campus.

Physical Plant Custodial

Four additional custodial positions will be required in order to maintain the facilities at the same level of quality as the UAA campus.

Physical Plant Safety & Security

The addition of 14 more buildings to include three residence halls, plus faculty housing, will require the minimum of one and one-half FTE security patrolmen positions in addition to our current staffing. The distance involved from the UAA campus and the added attractions of the ski jump, a ski tow, a ski hill, a lake, a tennis court, and a hockey rink will have a definite impact on the manpower requirement for safety and security purposes. The expansion of the safety and security department staff from two and a half FTE to four FTE will require its own clerical help in order to accommodate the prompt processing of reports and other paper work, and also maintain proper staffing for handling an increasing load of contacts by both University personnel and the public.

file

Alaska Methodist University
Closeout schedule of money needs for fiscal 1975 obligation

	May 1	May 18	May 23	June 2	June 18	June 24	Closeout Commitments carried for- ward to fis- cal 1976	TOTALS
A. Accounts Payable	78,000	69,000	69,000	69,000	69,000(2)	69,000	-0-	
Payroll	18,000	18,000	294,000(1)	18,000	18,000	82,000		
Accrued vacation						46,200		
Balance of Payroll taxes							40,000(3)	
Sub total	96,000	87,000	363,000	87,000	87,000	197,200	40,000	957,200
Estimated Severance:								
Travel and Moving			32,000					
Faculty and Staff			183,000			90,600		
Blue Cross			1,000			2,500	11, 00	
B. Sub total			216,000			93,300	11,500	320,800
Closeout & Severance, A+B	96,000	87,000	579,000	87,000	87,000	290,500	51,500	<u>1,278,000</u>

- (1) May 23 payroll includes \$160,000.00 for June, July and August balances of faculty contracts, Alaska State law requires payment of all accrued wages due within 24 hours of termination.
- (2) Accounts payable figure is calculated to carry no obligations forward into fiscal 1976. A total requirement of \$423,000.00 was distributed among the periods.
- (3) Alaska State income tax on the second quarter is due the end of July.

JLD

At time of patent to AGU

ORIGINAL VALUES & AMOUNT PAID FOR ANU LANDS

(INFO FROM BLM ANR. FILES)

<u>PATENT NO.</u>	<u>ACREAGE</u>	<u>APPRAISED</u>	<u>DISC. ALLOWED</u>	<u>PAID</u>	<u>\$/ACRE</u>
1150278* November 23, 1958	242.5	\$ 36,375.00	68%	\$11,640.00	\$ 48.00
(1180433) same date		\$ 150.00 acre			
50-64-0186+ June 2, 1964	227.5	\$204,750.00 \$ 900.00 acre	70%	\$61,425.00	\$ 270.00
50-64-0187+ June 2, 1964	35	\$ 50,750.00 \$ 1,450.00 acre	50%	\$29,500.00	\$ 842.85
<u>Total appraised</u>	505 A	\$302,105.00		\$ 598.21/acre	
<u>Total paid</u>	505 A	\$102,565.00	66%	$\frac{\$}{505}$ 203.10/acre	

REFERENCE: ANU Real Estate produced by Tryck, Wyman & Keys on file in University of Alaska Planning files.

There are patents to the land and these same titles are held by ANU and they own at least as long as there is no other title on the land. The ANU also has a recorded deed on the land. The ANU also has a recorded deed on the land.

SUMMARY OF LAND VALUE AND
REPRODUCTION COST ESTIMATES

Main Buildings - Reproduction Cost		
Grant Hall	\$3,372,000	
Gould Hall	1,533,000	
Campus Center	<u>5,934,000</u>	
		\$10,839,000
Site Development		
Roads and Paving	\$ 279,000	
Water Lines	180,000	
Sewer Lines	140,000	
Electricity and Lighting	280,000	
Natural Gas Lines	<u>71,000</u>	
		<u>950,000</u>
Subtotal		\$11,789,000
Indirect Costs		
Architect and Engineer (@ 6%)		707,000
Contingencies (@ 5%)		<u>589,000</u>
Total Main Buildings		\$13,085,000
Additional Improvements (Including Indirect Costs)		
Carillon	\$ 95,000	
Maintenance Building	46,000	
Behavioral Sciences	55,000	
Faculty Residences	552,000	
Ski Hill Equipment	25,000	
Tennis Courts	60,000	
Hockey Rink	40,000	
Landscaping	<u>90,000</u>	
		<u>963,000</u>
Subtotal		\$14,048,000
Land - Fair Market Value		<u>5,800,000</u>
Total Land Value plus Reproduction Cost Estimate		\$19,848,000
Rounded to		<u><u>\$19,850,000</u></u>

Allocation:

<u>Improvements</u>	<u>Present Value</u>
(1) Underground Utilities	\$ 277,186
(2) Parking	69,027
(3) Student Union	5,663,886
(4) Grant Hall	3,654,509
(5) Gould Hall	1,409,600
(6) Behavioral Sciences	31,159
(7) Shop Garage	52,029
(8) Ski Jump	67,900
(9) Carillon	72,750
(10) Tennis Courts	28,384
(11) Hockey Rink	24,302
(12) Landscaping	158,586
(13) Faculty Residences (including land)	652,500
Total Improvements	<u>\$12,161,818</u>
Land	<u>7,000,000</u>
TOTAL VALUE ALASKA METHODIST UNIVERSITY REAL ESTATE	\$19,161,818
(rounded)	<u>\$19,200,000</u>

Methodology:

The subject is a special purpose property. The standard method of appraising special purpose properties is to value the improvements based on cost new less depreciation then add the land. Depreciation must include all forms including

RHODE
file

HB 441

MEMORANDUM

To: Finance Committee - Hugh Malone, Chairman
Education Subcommittee - Clark Gruening, Chairman

From: Interim Committee on Higher Education - Kathryn Ostrosky, Chairwoman

Date: May 15, 1975

Subject: Rationale for Option to Purchase and for Continued Operation of AMU

Option to Purchase AMU

The State of Alaska would purchase an option on buildings and grounds of AMU, option price to be 1.93 million. Intent of purchasing the option would be to allow the State of Alaska to examine its interests in higher education in the state. Option would be effective for one year but could be extended from year to year at an agreed upon price. The mechanics of such an extension would be agreed upon by both parties. For example, an additional extension of the option price for one year could be \$1.2 million.

Tuition Assistance

The tuition assistance program pertaining to AMU would be revised upward to \$1850 per student for an academic year. The purpose of this would be to place AMU students on a parity for tuition costs with those of the U of A. Since the tuition at AMU is \$2,150 per academic year, the student would be required to pay an additional \$300 - the same cost as it would be to enroll for one year at the U of A. Appropriate amendments to HB 433 in the amount of grants and the formula for computing states portion of operational budget would implement this portion. It is important that the residency requirements be reduced to one year in order to qualify for AMU tuition assistance. There is only a one year requirement for a non-resident to become a resident at the U of A. Inasmuch as AMU would be reclaiming \$250 more per student for tuition assistance than other private higher education institutions in the state, the \$250 would be considered part of the option money which would apply against the purchase of AMU. Thus it is conceivable that \$1,295,000 would be needed to accommodate approximately 700 FTE

(full time equivalent) students who would like to register at AMU. Of this \$1.295 million, \$175,000 would be that extra amount that would apply toward that purchase option. It is important to note that the tuition assistance money not applied toward the option is money which has been paid for services rendered in that AMU has provided educational services for the students who have participated in the tuition assistance program. Please note that the tuition assistance money given Sheldon Jackson is given freely and there is no "reimbursement" to the State for these monies which S.J. receives.

Cross-Registration

There must be a change in the conditions of the consortium arrangement in the Anchorage area - this change being any student who cross-registers pays the appropriate registration fee at that institution where they choose to cross-register. During 1974-75, 279 U of A students cross-registered for courses at AMU. During that same period only 75 AMU students cross-registered at UAA/ACC. In addition, several U of A classes convened in AMU facilities; furthermore, many of the drama productions were held in the theater facility.

Many communities in the state and several hundred students have already benefited from the health care they have received from the nurses that have participated in the nursing program. It is essential that this program be funded and continued at the strength requested as this is the only four year baccalaureate nursing program in the state. This nursing program brings in additional federal dollars in the amount of \$250,000 per year.

Option Costs

To summarize the option expense to the State of Alaska for 1975-76 would

consist of two parts: \$1,930,000.00 option
\$ 175,000.00 extra tuition assistance
\$2,105,000.00 Total

This amount of money shall be deducted from the purchase price of ~~\$15,427,000~~ should the state elect to exercise the option to buy at the end of the option year.

In the event of the purchase of AMU, the net cost for educating approximately 700 students for 1975-76 at AMU would be \$1,447,000. If the State failed to exercise its option, the net cost would be no more than what it normally costs the State of Alaska to educate 700 students for one year. This is substantially less than it would cost the State to consummate the sale and transfer the programs and students.

In order to consummate the option to purchase, 1 million dollars would be needed as of May 23, 1975 and the balance of \$930,000 to be paid July 1, 1975.

A.M.U.

1975-76

OPTION - to A.M.U.	1,930,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	327,000
Total State	<u>3,552,000</u>

To be applied to	
<u>OPTION</u>	1,930,000
to buy	<u>175,000</u>
	2,105,000

1976-77

OPTION	1,200,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	350,000
TOTAL STATE	<u>2,845,000</u>

To be applied to	
<u>OPTION</u>	1,200,000
to buy	<u>175,000</u>
	1,375,000

QUALIFICATIONS OF PAUL P. DIRKSEN, S.R.A., R.M.

PROFESSIONAL AFFILIATIONS:

Society of Real Estate Appraisers, Designation - S.R.A.
President, Anchorage Chapter #158, 1974-75
American Institute of Real Estate Appraisers, Designation - R.M.
American Right of Way Association
Anchorage Board of Realtors

EDUCATION:

Miami University, B.S., 1957, Oxford, Ohio
AIREA Appraisal Course I, Milwaukee, Wis., 1958
AIREA Appraisal Course II, University of Pacific, 1963
AIREA Appraisal Course IV, University of San Francisco, 1964
University of California, 1962 - 1964

BUSINESS EXPERIENCE:

Dirksen Appraisal Company, Anchorage
Alaska Department of Highways,
State Supervising Appraiser
Alaska Attorney General's Office,
Special Consultant on cases related to eminent domain
Savings & Loan Commissioner's Office,
Appraiser Class IV (California)
Lloyd Thomas Company, Chicago, Ill.
American Appraisal Company, Milwaukee, Wis.

COURT EXPERIENCE:

Qualified as Expert Witness in various Superior Courts

TYPICAL CLIENTELE:

Alaska Department of Highways
Alaska State Housing Authority
Greater Anchorage Area Borough
Alaska Department of Public Works,
Division of Aviation and Division of Buildings
University of Alaska
City of Anchorage
City of Fairbanks
City of Juneau
U.S. Coast Guard
Washington Highway Commission
San Francisco Bay Area Rapid Transit District
Various Urban Renewal Agencies
Private property owners and attorneys

THIS BILL RESOLUTION

has been prepared by the staff of the Legislative Council in response to the request and at the direction of the sponsor. The staff has attempted to place it in proper legal and clerical form subject to any special limitations or instructions of the sponsor. Member requests are kept confidential by the staff and any announcement of intent to have a document drafted or introduced remains the prerogative and responsibility of the sponsoring member in dealing with colleagues and other persons. The Council or its staff may not endorse or comment on policy matters involved in a bill or resolution. The substance and merits of a bill or resolution are the responsibility of the sponsor.

Delivered to sponsor: 5-22-75

Original sponsor: Rules Committee by
request of the Interim Committee on
Higher Education

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 441

3 NINTH LEGISLATURE - FIRST SESSION

4 A BILL

5 For an Act entitled: "An Act making a special appropriation to the office
6 of the governor; and providing for an effective date."

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

8 * Section 1. The sum of ~~\$1,930,000~~^{\$ 2,300,000} is appropriated from the general fund
9 to the office of the governor to implement an option agreement for the
10 purchase by the State of Alaska from the Board of Trustees of Alaska
11 Methodist University of real property, improvements, furniture and fixtures
12 comprising the campus of Alaska Methodist University in Anchorage.

13 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
14 070(c).

J. Rhodes

File

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

April 2, 1975

MEMORANDUM

TO: Representative Hugh Malone

FROM: Bill Berrier, Legislative Counsel *BB*

SUBJECT: Comments on U of A - AMU agreement

1. This document has little legal effect. The recitals in paragraph 14 on page 8 leave full leeway for an entirely new agreement to be written. Although, as a practical matter, this agreement probably would provide the terms for the operative agreement contemplated, there is no requirement of this.

2. The total purchase price is \$15,427,000 plus the sum of not to exceed \$800,000 for such furniture, fixtures and other personal property as U of A chooses to buy and AMU chooses to sell at appraised value. Presumably the question raised by inclusion of fixtures in the property for which an extra price will be paid when normally fixtures are considered part of the building will be answered in the schedules to be prepared and affixed to the operative agreement.

3. The financing method is expensive for a purchaser who has the power to issue tax exempt securities. The purchase price is to be paid as follows:

- (a) \$3,000,000 down payment
- (b) \$3,071,000 assumed indebtedness
 - (i) \$2,721,000 outstanding balance on indenture
 - (ii) \$1,000 arrearages on indenture
 - (iii) \$250,000 currently payable on indenture
- (c) remaining balance in 10 equal annual installments with interest at Bank of America prime rate as of the effective date of the agreement

Since certainly the Bank of America prime rate and possibly the interest rate on the outstanding loan are higher than the rate on tax exempt bonds, a significant interest saving could be realized if the transaction were cash financed either by appropriation or bonds. Since AMU could invest the proceeds in all probability to realize an income in excess of the prime rate, both sides lose money with this arrangement. (I have assumed that AMU is tax exempt so that no taxable gain problem or tax on income from investments is involved.)

April 2, 1975

4. This agreement creates a floating easement (page 2) which should be made definite or at least a method of determining the location should be prescribed in the conveyance.
5. Under paragraph 10, how can the items stated be retained "in perpetuity" without seriously affecting future development or construction on the property acquired? As it stands, retaining these could involve retaining whatever they are affixed to in perpetuity which is obviously not practiced.
6. I am assuming sufficient surveys and title evidence so that there is no question of the correctness of the legal descriptions and of clear title, except for the recited indenture with First National Bank of Anchorage.
7. The final agreement will be that negotiated by the joint administrative task force subject to approval of the two presidents. What this will be cannot be foreseen from this agreement because of the flexibility mentioned above.

BB:pmlc

(SE 1/4) of the Northwest One-quarter (NW 1/4) of the Southeast One-quarter (SE 1/4) of Section Twenty-eight (28), Township Thirteen North (T13N), Range Three West (R3W), Seward Meridian.

2. All parcels have been patented to AMU under U. S. Patent No. 50-64-0186 and 50-64-0187, dated June 2, 1964, and the U of A's use shall be subject to the restrictions imposed in the original patents. This conveyance is subject to the approval of the Secretary of the United States Department of the Interior. Both parties agree to cooperate in planning for the use and development of their adjoining lands.

3. The U of A shall pay AMU the sum of One million nine hundred fifty thousand dollars (\$1,950,000) for the above described parcels of land with one-half (1/2) thereof payable on March 20, 1972, as soon as a legislative appropriation for this purpose is enacted, and the remaining one-half (1/2) thereof, payable on July 1, 1972.

4. AMU shall dedicate in perpetuity the balance of its main Anchorage campus which it holds under the November 28, 1958, U. S. Patent No. 1150278, including both land and existing and future buildings, to nonprofit education, health, recreation and conservation or related public purposes. The U of A has the right to enforce this dedication.

5. AMU and U of A shall implement the Memorandum of Understanding of August 11, 1969, commonly known as the "Consortium Agreement," to guarantee the sensible elimination of duplication of higher educational opportunities in Anchorage consistent with the stated objectives of the respective higher education institutions in the Anchorage area. AMU shall make available to the U of A classrooms and other facilities not now being fully utilized without further payment effective at once. The U of A and AMU shall establish and implement a common calendar for major terms in each academic year commencing with the 1972-73 academic year. The Legislative Council of the Alaska State Legislature shall oversee the implementation of the "Consortium Agreement" and shall enforce recommendations and settle disputes between AMU and U of A.

6. The implementation of this agreement is subject to legislative appropriation. ..

dated January 8, 1972,

7. The Memorandum of Understanding is hereby declared null and void.

Dated at Anchorage, Alaska this 11th day of March, 1972.

UNIVERSITY OF ALASKA

Attest:

By: *Lewis A. Olson*
President, Board of Regents

Robert M. ... *vice President*
Secretary, Board of Regents *1972-73*

ALASKA METHODIST UNIVERSITY

Attest:

By: *Carl Wischmeier*
Chairman, Board of Trustees

Max S. ...
Secretary, Board of Trustees

Approved by the Board of Land Commissioners

The United States of America

To all to whom these presents shall come, Greeting:

WHEREAS, a Certificate of the Land Office at Anchorage, Alaska, is now deposited in the Bureau of Land Management, whereby it appears that full payment has been made by the Alaska Methodist University, according to the provisions of the Act of Congress of June 14, 1926 (44 Stat. 741, 43 U.S.C. 269), as amended by the Acts of June 4, 1954 (68 Stat. 173), and September 21, 1959 (73 Stat. 571), for the following described lands:

Seward Meridian, Alaska.

T. 13 N., R. 3 W.,

- Sec. 21, SE 1/4, SE 1/4;
- Sec. 22, SW 1/4;
- Sec. 27, E 1/2 SW 1/4, SW 1/4 SW 1/4, SW 1/4 NW 1/4;
- Sec. 28, NE 1/4, NW 1/4, NE 1/4 SE 1/4, NW 1/4 SE 1/4, NE 1/4 SW 1/4, NW 1/4 SW 1/4, SE 1/4 SW 1/4.

The area described contains 227.50 acres, according to the Official Plat of the Survey of the said Land, on file in the Bureau of Land Management:

NOW KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premises, and in conformity with the said Acts of Congress, HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT, unto the said Alaska Methodist University, the tract above described, for school purposes only;

TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities, and appurtenances, of whatsoever nature, thereunto belonging, unto the said Alaska Methodist University, and to its successors forever, subject, however, to the following reservations, conditions and limitations:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and there is reserved from the lands hereby granted, a right-of-way thereon for ditches or canals constructed by the authority of the United States.

Patent Number 511-1, 1-1111

Anchorage 643359

There is also reserved to the United States a right-of-way for the construction of railroads, telegraph and telephone lines, in accordance with the Act of March 12, 1914 (38 Stat. 305; 40 U.S.C. Sec. 305).

There is also reserved to the United States, all mineral deposits in the land above described, together with the right to mine and remove the same, under applicable laws and regulations to be established by the Secretary of the Interior.

Provided, that, if the patentee or its successor attempts to transfer title to or control over the lands to another or the lands are devoted to a use other than that for which the lands were conveyed, without the consent of the Secretary of the Interior or his delegate, or prohibits or restricts, directly or indirectly, or permits its agents, employees, contractors, or subcontractors (including without limitation, lessees, sublessees and permittees), to prohibit or restrict, directly or indirectly, the use of any part of the patented lands or any of the facilities thereon by any person because of such person's race, creed, color, or national origin, title shall revert to the United States.

IN TESTIMONY WHEREOF, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1918 (62 Stat. 176), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

Gives under my hand, in Anchorage, Alaska the
SECOND day of JUNE in the year of our Lord
one thousand nine hundred and SIXTY-FOUR and of the Independence of the United States the one hundred and EIGHTY-EIGHTH.

By

Ray S. Williams

Alaska State Director

64-43359-1

... a certificate of the Dept. of the Interior, Alaska, is now deposited in the Bureau of Land Management, whereby it is shown that this land has been sold by the Division of National Lands of the Board of Alaska. The proceeds of the sale, according to the provisions of the Act of June 4, 1936 (49 Stat. 741; 49 U.S.C. 2372), as amended by the Act of June 4, 1938 (50 Stat. 173), for the following described land:

Barrow, Alaska.

... 15 1/2, R. 3 S.,

Sec. 27, Township 10 N., Range 10 W.,

Barrow, Alaska.

Sec. 28, Township 10 N., Range 10 W.,

Barrow, Alaska.

The area described contains 242.00 acres, according to the Official Map of the Survey of the said land, on file in the Bureau of Land Management:

NO. 1150278, That the UNITED STATES OF AMERICA, in consideration of the purchase, and in conformity with the said Acts of Congress, HAS GIVEN AND GRANTED, and by these presents DOES HEREBY GRANT unto the said Division of National Lands of the Board of Alaska of The Methodist Church, the tract of land above described, for and for all the purposes only: TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities, and appurtenances of that tenor nature, thereto in anywise appertaining, unto the said Division of National Lands of the Board of Alaska of The Methodist Church, and to its successors forever, subject, however, to the following reservations, conditions and limitations:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to water and navigation that in connection with water rights, as they have been and may hereafter be...

PATENT NO. 1150278

The land hereby granted shall be all of said lands in the State of Alaska, and the same to be granted for, unto, and unto the use and benefit of such person or persons as the Secretary of the Interior may prescribe.

Subject to the same for transmission the purpose to the Act of March 3, 1875, and Act of March 3, 1879 (30 Stat. 1221).

And there is also reserved to the United States a right of way for the construction of railroads, telegraph and telephone lines, in accordance with the Act of March 3, 1879 (30 Stat. 1221).

And there is reserved from the lands hereby granted, a right of way thereon for roads, streets, highways, bridges, trails, bridges, and other structures constructed or to be constructed by or under authority of the United States or of any state created out of the Territory of Alaska, in accordance with the Act of July 21, 1907 (34 Stat. 416).

As provided by section 3 of the Act of June 4, 1906, supra, for a period of ten specific years from the date hereof, no part, interest, or title to, the lands described herein may be transferred by the grantee or its successor, or if land devoted to a use other than that for which the land is granted, only with the prior consent of the Secretary of the Interior. Should such consent not be obtained, upon the attempt of the grantee or its successor to make such a transfer or change of use within the said period of ten specific years, title to the land shall revert to the United States.

(SEAL)

Witness my hand and the seal of the Bureau of Land Management at Washington, D.C., this 1st day of June, 1906.

JOHN W. WOODRUFF, Secretary of the Interior
FOR THE SECRETARY OF THE INTERIOR
MARCH
FIFTY-FIVE
SEVENTY-SIX.

Chief Clerk of the Bureau

PATENT NO. 1150278

1957
Anchorage, Alaska

City of Anchorage, Alaska

To all to whom these presents shall come, Greeting:

WHEREAS, a Certificate of the Land Office at Anchorage, Alaska, is now deposited in the Bureau of Land Management, whereby it appears that full payment has been made by the Alaska Methodist University, according to the provisions of the Act of Congress of June 14, 1926 (44 Stat. 741, 43 U.S.C. 289), as amended by the Acts of June 4, 1954 (68 Stat. 173), and September 21, 1959 (73 Stat. 571), for the following described land:

Seward Meridian, Alaska.

T. 13 N., R. 3 W.,

Sec. 28, N¹/₂SW¹/₄NE¹/₄, SW¹/₂NE¹/₄SE¹/₄,
SW¹/₄NE¹/₄SE¹/₄, SW¹/₄SE¹/₄NE¹/₄SE¹/₄.

The area described contains 35.09 acres, according to the Official Plat of the Survey of the said Land, on file in the Bureau of Land Management:

NOW KNOW YE, That the UNITED STATES OF AMERICA, in consideration of the premises, and in conformity with the said Acts of Congress, HAS GIVEN AND GRANTED, and by these presents DOES GIVE AND GRANT, unto the said Alaska Methodist University, the tract above described, for school purposes only; TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities, and appurtenances of whatsoever nature, thereunto belonging, unto the said Alaska Methodist University, and to its successors forever, subject, however, to the following reservations, conditions and limitations:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws, and decisions of courts; and there is reserved from the lands hereby granted, a right-of-way thereon for ditches or canals constructed by the authority of the United States.

Patent No. 2,811,411

There is also reserved to the United States a right-of-way for the construction of railroads, telegraph and telephone lines, in accordance with the Act of March 12, 1914 (38 Stat. 335; 43 U.S.C. Sec. 305).

There is also reserved to the United States, all mineral deposits in the land above described, together with the right to mine and remove the same, under applicable laws and regulations to be established by the Secretary of the Interior.

Provided, that, if the patentee or its successor attempts to transfer title to or control over the lands to another or the lands are devoted to a use other than that for which the lands were conveyed, without the consent of the Secretary of the Interior or his delegate, or prohibits or restricts, directly or indirectly, or permits its agents, employees, contractors, or subcontractors (including without limitation, lessees, sublessees and permittees), to prohibit or restrict, directly or indirectly, the use of any part of the patented lands or any of the facilities thereon by any person because of such person's race, creed, color, or national origin, title shall revert to the United States.

In Testimony Whereof, the undersigned authorized officer of the Bureau of Land Management, in accordance with the provisions of the Act of June 17, 1918 (40 Stat. 176), has, in the name of the United States, caused these letters to be made Patent, and the Seal of the Bureau to be hereunto affixed.

[SEAL]

GIVEN under my hand and seal at Anchorage, Alaska, the
SECOND day of JUNE in the year of our Lord
one thousand nine hundred and SIXTY-FOUR and of the Independence of the United States the one hundred and EIGHTY-EIGHTH.

Robert B. [Signature]

Patent No. 2,811,411

Introduced: 4/17/75
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE INTERIM
COMMITTEE ON HIGHER EDUCATION

IN THE HOUSE

HOUSE BILL NO. 441

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the University of Alaska; and providing for an effective date."

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

* Section 1. The sum of \$1,000,000 is appropriated from the general fund to the University of Alaska as the first installment of the down payment to implement the Memorandum of Agreement between the Board of Regents of the University of Alaska and the Board of Trustees of Alaska Methodist University, March 27, 1975, for the conveyance by the Board of Trustees of Alaska Methodist University of real property, improvements, furniture and fixtures comprising the campus of Alaska Methodist University in Anchorage to the Board of Regents of the University of Alaska.

* Sec. 2. The sum of \$700,000 is appropriated from the general fund to the University of Alaska as the second installment of the down payment to implement the Memorandum of Agreement between the Board of Regents of the University of Alaska and the Board of Trustees of Alaska Methodist University, March 27, 1975, for the conveyance by the Board of Trustees of Alaska Methodist University of the campus of Alaska Methodist University in Anchorage to the Board of Regents of the University of Alaska.

* Sec. 3. Sec. 1 of this Act takes effect immediately in accordance with AS 01.10.070(c). Sec. 2 of this Act takes effect July 1, 1975.

MEMORANDUM

To: Finance Committee - Hugh Malone, Chairman
Education Subcommittee - Clark Gruening, Chairman

From: Interim Committee on Higher Education - Kathryn Ostrosky, Chairwoman

Date: May 15, 1975

Subject: Rationale for Option to Purchase and for Continued Operation of AMU

Option to Purchase AMU

The State of Alaska would purchase an option on buildings and grounds of AMU, option price to be 1.93 million. Intent of purchasing the option would be to allow the State of Alaska to examine its interests in higher education in the state. Option would be effective for one year but could be extended from year to year at an agreed upon price. The mechanics of such an extension would be agreed upon by both parties. For example, an additional extension of the option price for one year could be \$1.2 million.

Tuition Assistance

The tuition assistance program pertaining to AMU would be revised upward to \$1850 per student for an academic year. The purpose of this would be to place AMU students on a parity for tuition costs with those of the U of A. Since the tuition at AMU is \$2,150 per academic year, the student would be required to pay an additional \$300 - the same cost as it would be to enroll for one year at the U of A. Appropriate amendments to HB 433 in the amount of grants and the formula for computing state's portion of operational budget would implement this portion. It is important that the residency requirements be reduced to one year in order to qualify for AMU tuition assistance. There is only a one year requirement for a non-resident to become a resident at the U of A. Inasmuch as AMU would be reclaiming \$250 more per student for tuition assistance than other private higher education institutions in the state, the \$250 would be considered part of the option money which would apply against the purchase of AMU. Thus it is conceivable that \$1,295,000 would be needed to accommodate approximately 700 FTE

(full time equivalent) students who would like to register at AMU. Of this \$1.295 million, \$175,000 would be that extra amount that would apply toward that purchase option. It is important to note that the tuition assistance money not applied toward the option is money which has been paid for services rendered in that AMU has provided educational services for the students who have participated in the tuition assistance program. Please note that the tuition assistance money given Sheldon Jackson is given freely and there is no "reimbursement" to the State for these monies which S.J. receives.

Cross-Registration

There must be a change in the conditions of the consortium arrangement in the Anchorage area - this change being any student who cross-registers pays the appropriate registration fee at that institution where they choose to cross-register. During 1974-75, 279 U of A students cross-registered for courses at AMU. During that same period only 75 AMU students cross-registered at UAA/ACC. In addition, several U of A classes convened in AMU facilities; furthermore, many of the drama productions were held in the theater facility.

Many communities in the state and several hundred students have already benefited from the health care they have received from the nurses that have participated in the nursing program. It is essential that this program be funded and continued at the strength requested as this is the only four year baccalaureate nursing program in the state. This nursing program brings in additional federal dollars in the amount of \$250,000 per year.

Option Costs

To summarize the option expense to the State of Alaska for 1975-76 would consist of two parts:

\$1,930,000.00 option
\$ 175,000.00 extra tuition assistance

\$2,105,000.00 Total

This amount of money shall be deducted from the purchase price of \$15,427,000 should the state elect to exercise the option to buy at the end of the option year.

In the event of the purchase of AMU, the net cost for educating approximately 700 students for 1975-76 at AMU would be \$1,447,000. If the State failed to exercise its option, the net cost would be no more than what it normally costs the State of Alaska to educate 700 students for one year. This is substantially less than it would cost the State to consummate the sale and transfer the programs and students.

In order to consummate the option to purchase, 1 million dollars would be needed as of May 23, 1975 and the balance of \$930,000 to be paid July 1, 1975.

A.M.U.

1975-76

OPTION - to A.M.U.	1,930,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	<u>327,000</u>
Total State	3,552,000

To be applied to	
<u>OPTION</u>	1,930,000
to buy	<u>175,000</u>
	2,105,000

1976-77

OPTION	1,200,000
Tuition Assistance @ 1850	1,295,000
Nursing Grant	<u>350,000</u>
TOTAL STATE	2,845,000

To be applied to	
<u>OPTION</u>	1,200,000
to buy	<u>175,000</u>
	1,375,000