



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Education
& Early Development
FINANCE & SUPPORT SERVICES

801 West 10th Street, Suite 200
PO Box 110500
Juneau, Alaska 99811-0500
Telephone: 907.465.6906
Fax: 907.463.5279
E-mail: Tim.Mearig@alaska.gov

April 25, 2018

Charlie Pierce, Mayor
Kenai Peninsula Borough
144 N. Binkley Street
Soldotna, AK 99669

Re: Kachemak Selo New K-12 School Construction, GR-17-001

Mayor Pierce:

This responds to your letter dated January 29, 2018, which states your intentions of entering into an agreement with the department for the referenced project and for providing the borough's required participating share amount. Under the provisions of AS 14.11.008, the required participating share must be provided by July 11, 2019. Your plan for a ballot initiative in October 2018 seeking voter approval to sell bonds in support of the participating share amount seems appropriate. If successful, it appears those funds would be available to the project when needed.

Beyond the participating share plan, you also responded to several specifics of the project agreement as currently drafted. One of those specifics was the total project funding at \$8,896,640. The funding in the draft project agreement is based on the project's eligible square footage as calculated under 4 AAC 31.020. Previous letters from the department have provided support for the eligible square footage analysis and subsequent reduction in state aid. This analysis, and the resulting reduction, are an unavoidable consequence of applying the Alaska Administrative Code (AAC). If you have information that you believe would alter the department's space eligibility determination, we would be happy to review that data.

Each of the other changes to the project agreement that you requested are acceptable and a new draft project agreement is enclosed. Please feel free to continue to work with me to finalize the document. You may contact me at (907) 465-6906 or Tim.Mearig@alaska.gov. The department invites your continued collaboration as we work together to bring this project to a successful conclusion.

Sincerely,

A handwritten signature in blue ink that reads "Tim Mearig".

Tim Mearig
Facilities Manager

cc: Sean Dusek, KPBSD Superintendent
Brenda Ahlberg, Community & Fiscal Projects Manager
Kevin Lyon, Capital Projects Manager

Enclosure