

**CS FOR HOUSE BILL NO. 309(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/8/95  
Referred: Rules

Sponsor(s): REPRESENTATIVES MARTIN, Brown

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the assets of the Alaska Housing Finance Corporation;  
2 authorizing an agreement between the Alaska Housing Finance Corporation and  
3 the commissioner of revenue relating to transfer of assets of the corporation, and  
4 making certain pledges to obligees of the corporation regarding that agreement;  
5 approving the University of Alaska's plans to enter into long-term obligations to  
6 borrow money from the corporation for the acquisition of new student housing  
7 facilities; and providing for an effective date."

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

9 \* **Section 1.** UNIVERSITY OF ALASKA STUDENT HOUSING PROJECT APPROVAL.

10 (a) The Nineteenth Alaska State Legislature approves the plans of the Board of Regents of  
11 the University of Alaska to enter into obligations to borrow money from the Alaska Housing  
12 Finance Corporation at an interest rate of three percent for a period of 25 years for the  
13 construction and acquisition of

1 (1) student housing facilities at the Anchorage campus in the amount of  
2 \$31,300,000;

3 (2) a student residence hall at the University of Alaska Southeast Juneau  
4 campus in the amount of \$4,200,000; and

5 (3) a student housing facility at the Ketchikan campus in the amount of  
6 \$1,000,000.

7 (b) Subsection (a) of this section provides the project approval required by  
8 AS 14.40.253 for obligations of the University of Alaska having an annual payment by the  
9 university anticipated to exceed \$1,000,000.

10 \* **Sec. 2. TRANSFER AGREEMENT AUTHORIZED.** The Alaska Housing Finance  
11 Corporation and the commissioner of revenue may enter into a transfer agreement that  
12 provides for annual transfer of certain assets of the corporation to the state general fund from  
13 July 1, 1995, to June 30, 2000. The commissioner of revenue shall immediately notify the  
14 governor and the legislature when the agreement has been signed. The agreement must  
15 provide

16 (1) for the transfer from the corporation to the state of each of the following  
17 amounts in each of the following state fiscal years:

18	FY 1996	\$70,000,000
19	FY 1997	50,000,000
20	FY 1998	50,000,000
21	FY 1999	50,000,000
22	FY 2000	50,000,000;

23 (2) that the amounts to be transferred under (1) of this section will be

24 (A) available for transfer from the net liquid assets of the general  
25 account of the revolving fund of the corporation; and

26 (B) reduced as the board of directors of the corporation determines may  
27 be necessary to maintain compliance with existing financing agreements and to meet  
28 the following payment conditions of the corporation that, when made by the board of  
29 directors of the corporation before each transfer, are positive determinations that

30 (i) the corporation is not in default as to payments of any  
31 required amounts;

1 (ii) the transfer to the state of the payment is not expected to  
2 impair the corporation's ability to meet financial requirements, including debt  
3 service and program costs associated with debt, and will not cause the  
4 corporation to be in default under the terms of financial agreements or disable  
5 the corporation from meeting any financial covenant;

6 (iii) the amount of the transfer does not exceed the corporation's  
7 net income as reflected in its audited financial statements for the immediately  
8 preceding fiscal year; and

9 (iv) the corporation's fund equity subsequent to the transfer will  
10 remain at a level that the board of directors of the corporation reasonably  
11 believes adequate to prevent existing debt ratings from being reduced,  
12 withdrawn, or suspended; and

13 (3) that the conditions described in (2)(B) of this section must be met by the  
14 corporation before payments are made in any state fiscal year set out in (1) of this section.

15 \* **Sec. 3.** PLEDGE OF THE STATE. If, before the date of adjournment of the First  
16 Regular Session of the Nineteenth Alaska State Legislature, an agreement between the Alaska  
17 Housing Finance Corporation and the commissioner of revenue in a form substantially as  
18 described in sec. 2 of this Act is executed by those parties, the state pledges to obligees of the  
19 corporation that during the term of the transfer agreement

20 (1) the state will not alter the power of the corporation to fulfill the terms of  
21 any other agreement with an obligee of the corporation; or

22 (2) the state will not cause assets of the corporation to be transferred from the  
23 corporation in excess of the amount set out in the transfer agreement.

24 \* **Sec. 4.** Section 3 of this Act takes effect only if the transfer agreement described in  
25 sec. 2 of this Act is signed on or before the date of adjournment of the First Regular Session  
26 of the Nineteenth Alaska State Legislature. The commissioner of revenue shall immediately  
27 notify the governor, the legislature, and the revisor of statutes when the transfer agreement has  
28 been signed.

29 \* **Sec. 5.** If sec. 3 of this Act takes effect, it takes effect on the later of the date of  
30 execution of the agreement described in sec. 2 of this Act, or the effective date of secs. 1 and  
31 2 of this Act.

1 \* **Sec. 6.** Sections 1 and 2 of this Act take effect immediately under AS 01.10.070(c).