

**SENATE BILL NO. 274**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY SENATOR ADAMS

Introduced: 2/15/00

Referred: State Affairs, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act transferring the assets, liabilities, and responsibilities of the Alaska  
2 Municipal Bond Bank Authority and of the Alaska Student Loan Corporation to  
3 the Alaska Housing Finance Corporation; and relating to the Alaska Housing  
4 Finance Corporation."

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

6 \* **Section 1.** AS 09.38.015(c) is amended to read:

7 (c) Property of the state, a municipality, or a [AND OF THE ALASKA  
8 MUNICIPAL BOND BANK AUTHORITY OR ANOTHER] state public corporation  
9 is exempt.

10 \* **Sec. 2.** AS 14.40.956 is amended to read:

11 **Sec. 14.40.956. Cooperation with other authorities.** In issuing a bond, the  
12 corporation may request the assistance of and work with the Alaska Industrial  
13 Development and Export Authority and the Alaska Housing Finance Corporation  
14 [MUNICIPAL BOND BANK AUTHORITY]. The Alaska Industrial Development and

1 Export Authority may invest in and issue bonds for space-related projects of the  
2 Alaska Aerospace Development Corporation. The Alaska Industrial Development and  
3 Export Authority and the Alaska **Housing Finance Corporation** [MUNICIPAL BOND  
4 BANK AUTHORITY] may purchase and market bonds of the Alaska Aerospace  
5 Development Corporation.

6 \* **Sec. 3.** AS 14.42.130(b) is amended to read:

7 (b) Public notice of a meeting of the board at which the issuance of  
8 corporation bonds **under AS 14.42.220** is authorized shall be provided at least 24  
9 hours before the meeting.

10 \* **Sec. 4.** AS 14.42.140 is amended to read:

11 **Sec. 14.42.140. Minutes of meetings.** The board shall keep minutes of each  
12 meeting **held to carry out its responsibilities under AS 14.42.130 - 14.42.390** and  
13 send a certified copy to the governor and to the Legislative Budget and Audit  
14 Committee.

15 \* **Sec. 5.** AS 14.42.150 is amended to read:

16 **Sec. 14.42.150. Administration of affairs.** The board shall manage the assets  
17 and business of the corporation and may adopt bylaws and regulations, in accordance  
18 with AS 44.62 (Administrative Procedure Act), governing the manner in which the  
19 business of the corporation **under AS 14.42.130 - 14.42.390** is conducted and the  
20 manner in which its powers **under AS 14.42.130 - 14.42.390** are exercised. The board  
21 shall delegate supervision of the administration of the corporation to the executive  
22 **director** [OFFICER] of the corporation.

23 \* **Sec. 6.** AS 14.42.170 is amended to read:

24 **Sec. 14.42.170. Staff.** The employees of the Alaska Commission on  
25 Postsecondary Education shall serve as staff for the corporation **in connection with**  
26 **the exercise of its responsibilities under AS 14.42.130 - 14.42.390.**

27 \* **Sec. 7.** AS 14.42.190 is amended to read:

28 **Sec. 14.42.190. Budget.** The **portion of the** operating budget of the  
29 corporation **used in connection with the exercise of its responsibilities under**  
30 **AS 14.42.130 - 14.42.390** is subject to AS 37.07 (Executive Budget Act).

31 \* **Sec. 8.** AS 14.42.200 is amended to read:

1           **Sec. 14.42.200. General powers.** In addition to other powers granted **under**  
2 **AS 14.42.130 - 14.42.390** [IN THIS CHAPTER], the corporation, **in the exercise of**  
3 **its power and functions under AS 14.42.130 - 14.42.390**, may

4                   (1) sue and be sued in its own name;

5                   (2) adopt an official seal;

6                   (3) adopt regulations under AS 44.62 (Administrative Procedure Act)  
7 to carry out the purposes of this chapter;

8                   (4) make and execute agreements, contracts, and other instruments  
9 necessary or convenient in the exercise of the powers and functions of the corporation  
10 **under AS 14.42.130 - 14.42.390**, including contracts with a person or governmental  
11 entity;

12                   (5) receive, administer, and comply with the conditions and  
13 requirements respecting any appropriation, gift, grant, or donation of property or  
14 money;

15                   (6) borrow money as provided in **AS 14.42.220** [THIS CHAPTER] to  
16 carry out its corporate purposes **under AS 14.42.130 - 14.42.390** and issue its  
17 obligations as evidence of the borrowing;

18                   (7) include in a borrowing **under AS 14.42.220** the amounts to pay  
19 financing charges, interest on the obligations for a period not exceeding one year after  
20 the date on which the corporation estimates funds will otherwise be available to pay  
21 the interest, consultant, advisory, and legal fees, and other expenses necessary or  
22 incident to the borrowing;

23                   (8) invest or reinvest, subject to its contracts with noteholders and  
24 bondholders, money held **under AS 14.42.130 - 14.42.390** by the corporation as set  
25 out in AS 37.10.071;

26                   (9) collect from a borrower amounts owed with respect to a student  
27 loan the corporation has purchased;

28                   (10) gather information on student loans available to residents of  
29 Alaska and disseminate the information to reasonably assure that qualified residents  
30 are aware of financial resources available to those attending or desiring to attend  
31 institutions for which loans may be made under AS 14.43.090 - 14.43.325, 14.43.600 -

1 14.43.700, or 14.43.710 - 14.43.750;

2 (11) service student loans held by the corporation;

3 (12) purchase or participate in the purchase of student loans;

4 (13) contract in advance for the purchase or sale of student loans;

5 (14) sell or participate in the sale, either public or private and on terms  
6 authorized by the board, of student loans to the Student Loan Marketing Association  
7 or to other purchasers;

8 (15) collect and pay reasonable fees and charges in connection with the  
9 purchase, sale, and servicing of student loans;

10 (16) enter into agreements with the federal government, including  
11 guaranty agreements and supplemental guaranty agreements as described in the United  
12 States Higher Education Act of 1965, as necessary to provide for the receipt by the  
13 corporation of administrative allowances and other benefits available under the United  
14 States Higher Education Act of 1965;

15 (17) administer federal money allotted to the state involving insured  
16 student loans and related administrative costs and other matters;

17 (18) enter into agreements with the Alaska Commission on  
18 Postsecondary Education relating to student loans [, THE ADMINISTRATION OF  
19 THE STUDENT LOAN FUND CREATED UNDER AS 14.42.210,] and the payment  
20 of and security for bonds of the corporation **issued under AS 14.42.220;**

21 (19) to the extent permitted under contracts with bond holders, consent  
22 to the modification of the rate of interest, time of payment of an installment of  
23 principal or interest, or other terms of a student loan purchased by the corporation;

24 (20) procure insurance against any loss in connection with the operation  
25 of its programs **under AS 14.42.130 - 14.42.390;**

26 (21) provide advisory services to borrowers and other participants in  
27 the corporation's programs **under AS 14.42.130 - 14.42.390;**

28 (22) enter into credit facility agreements **to carry out the purposes of**  
29 **AS 14.42.130 - 14.42.390** and make pledges, covenants, and agreements with respect  
30 to the repayment of borrowings under the credit facility agreements;

31 (23) do all acts necessary, convenient, or desirable to carry out the

1 powers expressly granted or necessarily implied in AS 14.42.130 - 14.42.390  
 2 [AS 14.42.100 - 14.42.390].

3 \* **Sec. 9.** AS 14.42.210(a) is amended to read:

4 (a) The student loan fund is established in the corporation. The [STUDENT  
 5 LOAN] fund is a trust fund to be used to carry out the purposes of AS 14.42.130 -  
 6 14.42.390 [AS 14.42.100 - 14.42.390], AS 14.43.090 - 14.43.325, 14.43.600 -  
 7 14.43.700, 14.43.710 - 14.43.750, and AS 14.44.025. The fund consists of money or  
 8 assets appropriated or transferred to the corporation for the fund and money or assets  
 9 deposited in it by the corporation. The corporation may establish separate accounts  
 10 in the fund.

11 \* **Sec. 10.** AS 14.42.210(b) is amended to read:

12 (b) Money and other assets of the student loan fund may be used to secure  
 13 bonds of the corporation **issued under AS 14.42.220**, invested in student loans and  
 14 investments under AS 37.10.071, and used to purchase loans approved under  
 15 AS 14.43.090 - 14.43.325, 14.43.600 - 14.43.700, or 14.43.710 - 14.43.750.

16 \* **Sec. 11.** AS 14.42.210 is amended by adding a new subsection to read:

17 (d) At the end of each fiscal year, the corporation shall determine whether  
 18 assets of the student loan fund exceed the amount necessary to carry out the purposes  
 19 of the fund under (a) and (b) of this section. If the corporation determines that there  
 20 are excess assets in the student loan fund, it shall notify the legislature of the amount  
 21 of the excess, and the legislature may appropriate that amount to the power cost  
 22 equalization and rural electric capitalization fund (AS 42.45.100).

23 \* **Sec. 12.** AS 14.42.220(f) is amended to read:

24 (f) The corporation may not issue bonds **under this section**, other than  
 25 refunding bonds, during any two consecutive fiscal years in an aggregate amount  
 26 greater than \$125,000,000 unless the legislature, by law, approves issuance of a greater  
 27 amount.

28 \* **Sec. 13.** AS 14.42.270 is amended to read:

29 **Sec. 14.42.270. Pledge and agreement of state.** The state pledges to and  
 30 agrees with holders of bonds issued by the **former Alaska Student Loan Corporation**  
 31 **or by the Alaska Housing Finance Corporation under AS 14.42.220**

1 [CORPORATION] that the state will not limit or alter the rights and powers vested in  
 2 the corporation under AS 14.42.130 - 14.42.390 [AS 14.42.100 - 14.42.390] to fulfill  
 3 the terms of a contract made by the former Alaska Student Loan Corporation or  
 4 by the Alaska Housing Finance Corporation under AS 14.42.220  
 5 [CORPORATION] with the bondholders or in any way impair the rights and remedies  
 6 of the bondholders until the bonds, together with the interest on them with interest on  
 7 unpaid installments of interest, and all costs and expenses in connection with an action  
 8 or proceeding by or on behalf of the bondholders, are fully met and discharged. The  
 9 corporation may include this pledge and agreement of the state in a contract with  
 10 bondholders.

11 \* **Sec. 14.** AS 14.42.280 is amended to read:

12 **Sec. 14.42.280. Exemption from taxation.** The real and personal property of  
 13 the corporation and its assets, income, and receipts are declared to be the property of  
 14 a political subdivision of the state and devoted to an essential public and governmental  
 15 function and purpose, and the property, assets, income, receipts, and other interests of  
 16 the corporation are exempt from all taxes and special assessments of the state or a  
 17 political subdivision of the state, including municipalities, school districts, public utility  
 18 districts, and other governmental units. Bonds of the corporation **issued under**  
 19 **AS 14.42.220** are declared to be issued by a political subdivision of the state and for  
 20 an essential public and governmental purpose, and the bonds, interest on them, income  
 21 from them, and transfer of them, and all assets, income, and receipts pledged to pay  
 22 or secure the payment of the bonds, or interest on them, are exempt from taxation by  
 23 or under the authority of the state, except for inheritance and estate taxes and taxes on  
 24 transfers by or in contemplation of death.

25 \* **Sec. 15.** AS 14.42.290 is amended to read:

26 **Sec. 14.42.290. Bonds legal investments for fiduciaries.** The bonds of the  
 27 corporation **issued under AS 14.42.220** are securities in which public officers and  
 28 bodies of the state, municipalities, insurance companies, insurance associations, other  
 29 persons carrying on an insurance business, banks, bankers, trust companies, savings  
 30 banks, savings associations, building and loan associations, investment companies,  
 31 other persons carrying on a banking business, administrators, guardians, executors,

1 trustees, other fiduciaries, and other persons who are authorized to invest in bonds or  
 2 other obligations of the state [,] may properly and legally invest funds including capital  
 3 in their control or belonging to them. Notwithstanding any other provisions of law,  
 4 the bonds of the corporation **issued under AS 14.42.220** are also securities that may  
 5 be deposited with and may be received by public officers and bodies of the state and  
 6 municipalities for any purpose for which the deposit of bonds or other obligations of  
 7 the state is not or may be authorized.

8 \* **Sec. 16.** AS 14.42.300 is amended to read:

9 **Sec. 14.42.300. Operation of certain statutes excepted.** (a) **In the exercise**  
 10 **of its powers and functions under AS 14.42.130 - 14.42.390, the** [THE] corporation

11 **(1)** is not a municipality as the term is defined in AS 01.10.060;

12 **(2) except** [. EXCEPT] as provided in AS 14.42.190, [THE  
 13 CORPORATION] is not subject to AS 37; **and**

14 **(3) for** [. FOR] all other purposes, [THE CORPORATION] is a  
 15 political subdivision and an instrumentality of the state.

16 (b) The funds, income, and receipts of the corporation **that are obtained by**  
 17 **it in the exercise of its powers and functions under AS 14.42.130 - 14.42.390** are  
 18 not money of the state, nor may real property in which the corporation has an interest  
 19 be considered land owned in fee by the state or to which the state may become entitled  
 20 or in any way land belonging to the state, or state land referred to in art. VIII of the  
 21 Alaska Constitution.

22 \* **Sec. 17.** AS 14.42.310 is amended to read:

23 **Sec. 14.42.310. Annual audit.** The financial records of the corporation **that**  
 24 **relate to its exercise of its powers and functions under AS 14.42.130 - 14.42.390**  
 25 shall be audited annually by the legislative auditor or by a certified public accountant  
 26 approved by the legislative auditor. The legislative auditor may prescribe the form and  
 27 content of **these** [THE] financial records of the corporation and shall have access to  
 28 these records at any time.

29 \* **Sec. 18.** AS 14.42.390 is amended to read:

30 **Sec. 14.42.390. Definitions.** In **AS 14.42.130 - 14.42.390** [AS 14.42.100 -  
 31 14.42.390],

1 (1) "board" means the board of directors of the corporation;

2 (2) "corporation" means the Alaska **Housing Finance** [STUDENT  
3 LOAN] Corporation (**AS 18.56.020**).

4 \* **Sec. 19.** AS 14.43.090(a) is amended to read:

5 (a) There is created a scholarship revolving loan fund. The fund shall be used  
6 to make scholarship loans to students selected under AS 14.43.090 - 14.43.160, to pay  
7 the costs of collecting scholarship loans that are in default if those costs are not  
8 recovered from the student, and to pay the costs of administering the fund. Unless the  
9 instrument evidencing the scholarship loan has been sold or assigned to the **former**  
10 Alaska Student Loan Corporation **or to the Alaska Housing Finance Corporation**,  
11 repayments of principal and interest on a scholarship loan shall be paid into the  
12 scholarship revolving loan fund. If money estimated to be available is inadequate to  
13 fully fund estimated scholarship loans for any fiscal year, additional funding from the  
14 general fund may be requested and appropriated for that year.

15 \* **Sec. 20.** AS 14.43.090(d) is amended to read:

16 (d) The commission may sell or assign notes and other instruments evidencing  
17 scholarship loans to the Alaska **Housing Finance** [STUDENT LOAN] Corporation and  
18 enter into agreements with the corporation relating to loans [, THE  
19 ADMINISTRATION OF THE STUDENT LOAN FUND CREATED UNDER  
20 AS 14.42.210,] and the payment of and security for bonds of the corporation.  
21 Proceeds from the sale or assignment of notes and other instruments shall be deposited  
22 in the scholarship revolving loan fund.

23 \* **Sec. 21.** AS 14.43.120(f) is amended to read:

24 (f) Interest on a loan made under AS 14.43.090 - 14.43.160 is equal to the  
25 interest rate

26 (1) paid in each year on bonds issued by the **former** Alaska Student  
27 Loan Corporation **or the Alaska Housing Finance Corporation** under AS 14.42.220;  
28 and

29 (2) necessary to pay the administrative cost of the student loan program  
30 that is represented by the loan.

31 \* **Sec. 22.** AS 14.43.120(r) is amended to read:

1 (r) The rate of interest, time of payment of an installment of principal or  
2 interest, or other terms of a scholarship loan may be modified if required to establish  
3 or maintain tax-exempt status under 26 U.S.C. 103 (Internal Revenue Code of 1986),  
4 as amended, for the interest on bonds issued by the **former** Alaska Student Loan  
5 Corporation **or the Alaska Housing Finance Corporation.**

6 \* **Sec. 23.** AS 14.43.120(t) is amended to read:

7 (t) Payment of interest under (l) of this section and forgiveness under (s) of  
8 this section are subject to appropriation by the legislature. Money obtained from the  
9 sale of bonds by the **former Alaska** Student Loan Corporation **or the Alaska Housing**  
10 **Finance Corporation** under AS 14.42.220 may not be appropriated for the payment  
11 of interest or the forgiveness of loans.

12 \* **Sec. 24.** AS 14.43.120(u) is amended to read:

13 (u) The commission by regulation shall set a loan origination fee, not to  
14 exceed five percent of the total scholarship loan amount, to be assessed upon a  
15 scholarship loan that is funded from the student loan fund of the Alaska **Housing**  
16 **Finance** [STUDENT LOAN] Corporation. The loan origination fee shall be deducted  
17 at the time the loan is disbursed. Subject to appropriation, the loan origination fees  
18 shall be deposited into an origination fee account within the student loan fund of the  
19 Alaska **Housing Finance** [STUDENT LOAN] Corporation, and subsequently used by  
20 the corporation to offset losses incurred as a result of death, disability, default, or  
21 bankruptcy of the borrower.

22 \* **Sec. 25.** AS 14.43.255(a) is amended to read:

23 (a) There is created a memorial scholarship revolving loan fund. The fund  
24 shall be used to provide educational scholarship loans to students selected under  
25 AS 14.43.250 - 14.43.325. Unless the instrument evidencing the memorial scholarship  
26 loan has been sold or assigned to the **former** Alaska Student Loan Corporation **or the**  
27 **Alaska Housing Finance Corporation,** repayments of a loan shall be deposited into  
28 the memorial scholarship revolving loan fund and shall be used to make new loans.

29 \* **Sec. 26.** AS 14.43.255(c) is amended to read:

30 (c) The commission may sell or assign notes and other instruments evidencing  
31 memorial scholarship loans to the Alaska **Housing Finance** [STUDENT LOAN]

1 Corporation and enter into agreements with the corporation relating to loans [, THE  
2 ADMINISTRATION OF THE STUDENT LOAN FUND CREATED UNDER  
3 AS 14.42.210,] and the payment of and security for bonds of the corporation.

4 Proceeds from the sale or assignment of a note or other instrument shall be deposited  
5 in the appropriate memorial scholarship loan fund account.

6 \* **Sec. 27.** AS 14.43.620 is amended to read:

7 **Sec. 14.43.620. Teacher scholarship revolving loan fund.** (a) There is  
8 created a teacher scholarship revolving loan fund. The fund shall be used to make  
9 scholarship loans to students selected under AS 14.43.600 - 14.43.700. Unless the  
10 instrument evidencing the teacher scholarship loan has been sold or assigned to the  
11 former Alaska Student Loan Corporation or the Alaska Housing Finance  
12 Corporation, repayments of principal and interest on a teacher scholarship loan shall  
13 be paid into the teacher scholarship revolving loan fund and shall be used to make new  
14 teacher scholarship loans. If estimated funds available are inadequate to fully fund  
15 estimated teacher scholarship loans for any fiscal year, additional funding from the  
16 general fund may be requested and appropriated for that year.

17 (b) The commission may sell or assign notes and other instruments evidencing  
18 teacher scholarship loans to the Alaska Housing Finance [STUDENT LOAN]  
19 Corporation and enter into agreements with the corporation relating to loans [, THE  
20 ADMINISTRATION OF THE STUDENT LOAN FUND CREATED UNDER  
21 AS 14.42.210] and the payment of and security for bonds of the corporation. Proceeds  
22 from the sale or assignment of the notes or other instruments shall be deposited in the  
23 teacher scholarship revolving loan fund.

24 \* **Sec. 28.** AS 14.43.720 is amended to read:

25 **Sec. 14.43.720. Family education loan account.** (a) The family education  
26 loan account is created within the scholarship revolving loan fund (AS 14.43.090).  
27 The account shall be used to make family education loans to families selected under  
28 AS 14.43.710 - 14.43.750, to pay the costs of collecting family education loans that  
29 are in default if those costs are not recovered from the family, and to pay the costs of  
30 administering the account. Unless the instrument evidencing the family education loan  
31 has been sold or assigned to the former Alaska Student Loan Corporation or the

1 **Alaska Housing Finance Corporation**, repayments of principal and interest on family  
 2 education loans shall be paid into the family education loan account. If estimated  
 3 funds available from family education loan repayments are inadequate to fully fund  
 4 estimated family education loans in a fiscal year, additional funding from the general  
 5 fund may be requested and appropriated for that year.

6 (b) The commission may sell or assign notes and other instruments evidencing  
 7 family education loans to the Alaska **Housing Finance** [STUDENT LOAN]  
 8 Corporation and enter into agreements with the corporation relating to loans [, THE  
 9 ADMINISTRATION OF THE STUDENT LOAN FUND CREATED UNDER  
 10 AS 14.42.210,] and the payment of and security for bonds of the corporation. Proceeds  
 11 from the sale or assignment of notes and other instruments shall be deposited in the  
 12 family education loan account.

13 \* **Sec. 29.** AS 21.76.080(b) is amended to read:

14 (b) An expenditure may be made from a joint insurance fund only to

15 (1) pay claims, losses, or benefits, including interest on them, and the  
 16 administrative and adjustment expenses incurred in connection with them, involving  
 17 the types of protection for which the fund provides coverage as specified in the joint  
 18 insurance agreement;

19 (2) pay contractual obligations of a joint insurance fund established by  
 20 a municipal joint insurance arrangement to the Alaska **Housing Finance Corporation**  
 21 [MUNICIPAL BOND BANK AUTHORITY] or other lender; and

22 (3) purchase insurance coverage for members of a municipal joint  
 23 insurance arrangement on a group basis.

24 \* **Sec. 30.** AS 44.85.010 is amended to read:

25 **Sec. 44.85.010. Legislative policy.** (a) It is the policy of the state

26 (1) to foster and promote by all reasonable means the provision of  
 27 adequate capital markets and facilities for borrowing money by municipalities in the  
 28 state to finance capital improvements or for other authorized purposes, to assist these  
 29 municipalities in fulfilling their capital needs and requirements by use of borrowed  
 30 money within statutory interest rate or cost of borrowing limitations, to the greatest  
 31 extent possible to reduce costs of borrowed money to taxpayers and residents of the

1 state, and equally to encourage continued investor interest in the purchase of bonds or  
2 notes of municipalities as sound and preferred securities for investment;

3 (2) to encourage municipalities to continue their independent  
4 undertakings and financing of capital improvements and other authorized purposes and  
5 to assist them by making capital funds available at reduced interest costs for orderly  
6 financing of capital improvements and other purposes especially during periods of  
7 restricted credit or money supply, particularly for those municipalities not otherwise  
8 able to borrow for capital needs;

9 (3) to assist municipalities to provide for adequate insurance coverage  
10 by authorizing the Alaska **Housing Finance Corporation** [MUNICIPAL BOND  
11 BANK AUTHORITY] to issue negotiable or nonnegotiable revenue bonds, notes, or  
12 certificates of participation either directly or through an entity it may create for the  
13 purpose of providing a self-insurance program for municipalities or municipal joint  
14 insurance arrangements organized under AS 21.76.

15 (b) The legislature further declares that

16 (1) the exercise of the powers of the state in the interest of its  
17 municipalities is required to further and implement the policies declared in (a) of this  
18 section by authorizing the **Alaska Housing Finance Corporation to exercise**  
19 [CREATION OF A STATE BOND BANK AUTHORITY AS A BODY CORPORATE  
20 AND POLITIC THAT WILL HAVE] full powers to borrow money and to issue its  
21 bonds and notes to make capital funds available for borrowing by municipalities and  
22 by granting broad powers to the **corporation to function as a** bond bank authority to  
23 carry out the declared policies, which are in the public interest of the state and its  
24 taxpayers and residents;

25 (2) state funds should be applied or authorized to be paid to a state  
26 **corporation in its capacity as a** bond bank authority only to provide adequate  
27 assurance and security to the holders of the bonds or notes of the bond bank authority;

28 (3) the **Alaska Housing Finance Corporation** [BOND BANK  
29 AUTHORITY] should conduct its operations to provide the lowest rates in terms of  
30 borrowing to municipalities as is consistent with a self-supporting operation with no  
31 expectation of subsidization with state funds; the legislature does not intend that the

1 bond bank authority be utilized as a means to finance municipalities beyond their  
2 capability to meet repayment schedules and debt service requirements of bonds or  
3 notes.

4 \* **Sec. 31.** AS 44.85.070 is amended to read:

5 **Sec. 44.85.070. Staff.** [THE BOND BANK AUTHORITY SHALL EMPLOY  
6 AN EXECUTIVE SECRETARY WHO MAY WITH THE APPROVAL OF THE  
7 BOND BANK AUTHORITY SELECT AND EMPLOY ADDITIONAL STAFF  
8 AS NECESSARY. EMPLOYEES AND AGENTS OF THE BOND BANK  
9 AUTHORITY OTHER THAN LEGAL COUNSEL AND THE EXECUTIVE  
10 SECRETARY ARE IN THE CLASSIFIED SERVICE UNDER AS 39.25.] In addition  
11 to its staff of regular employees, the bond bank authority may contract for and engage  
12 the services of the bond counsel, consultants, experts, and financial advisors the bond  
13 bank authority considers necessary for the purpose of developing information, or  
14 conducting studies, investigations, hearings, or other proceedings.

15 \* **Sec. 32.** AS 44.85.080 is amended to read:

16 **Sec. 44.85.080. Powers of bond bank authority.** The bond bank authority  
17 may

- 18 (1) sue and be sued;
- 19 (2) adopt and alter an official seal;
- 20 (3) make and enforce bylaws and regulations for the conduct of its  
21 business and for the use of its services and facilities;
- 22 (4) maintain an office at any place in the state;
- 23 (5) acquire, hold, use, and dispose of its income, revenues, funds, and  
24 money **to carry out the purposes of this chapter;**
- 25 (6) acquire, rent, lease, hold, use, and dispose of other personal  
26 property for its purposes **under this chapter;**
- 27 (7) subject to AS 44.85.100(b), borrow money and issue its negotiable  
28 bonds or notes **under this chapter** and provide for and secure their payment, provide  
29 for the rights of their holders and purchase, hold and dispose of any [OF ITS] bonds  
30 or notes **issued under this chapter;**
- 31 (8) fix and revise from time to time and charge and collect fees and

1 charges for the use of its services or facilities;

2 (9) to carry out the purposes of this chapter, accept gifts or grants  
3 from the United States, or from any governmental unit or person, firm, or corporation,  
4 carry out the terms or provisions or make agreements with respect to the gifts or  
5 grants, and do all things necessary, useful, desirable, or convenient in connection with  
6 procuring, accepting, or disposing of the gifts or grants;

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

9 (11) make, enter into, and enforce all contracts necessary, convenient,  
10 or desirable for the purposes of the bond bank authority or pertaining to a loan to a  
11 political subdivision, a purchase or sale of municipal bonds or other investments, or  
12 the performance of its duties and execution of any of its powers under this chapter;

13 (12) purchase or hold municipal bonds at prices and in a manner the  
14 bond bank authority considers advisable, and sell municipal bonds acquired or held by  
15 it at prices without relation to cost and in a manner the bond bank authority considers  
16 advisable;

17 (13) invest funds or money of the bond bank authority not required at  
18 the time of investment for loan to political subdivisions for the purchase of municipal  
19 bonds, in the same manner as permitted for investment of funds belonging to the state,  
20 except as otherwise provided in this chapter;

21 (14) prescribe the form of application or procedure required of a  
22 political subdivision for a loan or purchase of its municipal bonds, fix the terms and  
23 conditions of the loan or purchase, and enter into agreements with political  
24 subdivisions with respect to loans or purchases;

25 (15) render services to a political subdivision in connection with a  
26 public or private sale of its municipal bonds, including advisory and other services, and  
27 charge for services rendered;

28 (16) charge for its costs and services in review or consideration of a  
29 proposed loan to a political subdivision or purchase by the bond bank authority of  
30 municipal bonds of the political subdivision, whether or not the loan is made or the  
31 municipal bonds purchased;

1 (17) fix and establish terms and provisions with respect to a purchase  
 2 of municipal bonds by the bond bank authority, including date and maturities of the  
 3 bonds, provisions as to redemption or payment before maturity, and any other matters  
 4 which in connection with the purchase are necessary, desirable, or advisable in the  
 5 judgment of the bond bank authority;

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

8 (19) to the extent permitted under [ITS] contracts with the holders of  
 9 bonds or notes **issued under this chapter** [OF THE BOND BANK AUTHORITY],  
 10 consent to modification of the rate of interest, time and payment of installment of  
 11 principal or interest, security or any other term of a bond or note, contract or  
 12 agreement of any kind to which the bond bank authority is a party;

13 (20) by regulation, create a new entity for the purpose of issuing  
 14 negotiable or nonnegotiable revenue bonds, notes, or certificates of participation to  
 15 finance a self-insurance program for municipalities or municipal joint insurance  
 16 arrangements organized under AS 21.76; the powers, duties, and membership of the  
 17 new entity shall be limited to the powers, duties, and membership of the authority and  
 18 stated in the regulation; the new entity shall be a public corporation and an  
 19 instrumentality of the state with the same legal existence and continuing succession as  
 20 the bond bank authority; and

21 (21) do all acts and things necessary, convenient, or desirable to carry  
 22 out the powers expressly granted or necessarily implied in this chapter.

23 \* **Sec. 33.** AS 44.85.100 is amended to read:

24 **Sec. 44.85.100. Annual report and audit.** (a) Before October 1 of each year  
 25 the bond bank authority shall make a report of its activities **under this chapter** for the  
 26 preceding fiscal year to the governor and notify the legislature that the report is  
 27 available. The report **must** [SHALL] set out a complete operating and financial  
 28 statement covering its operations **under this chapter** during the year. The bond bank  
 29 authority must have an audit of its books and accounts **kept under this chapter** made  
 30 at least once in each year by certified public accountants. **The** [AND THE] cost of  
 31 the audit shall be considered an expense of the bond bank authority, and a copy of the

1 audit shall be filed with the commissioner of revenue and the legislature.

2 (b) The bond bank authority shall include in the report required by (a) of this  
 3 section an estimate of the amount of revenue bonds of the bond bank authority to be  
 4 issued under this chapter during the fiscal year following the fiscal year in which the  
 5 report is submitted. Under this chapter, the [THE] bond bank authority may not  
 6 issue revenue bonds, other than refunding bonds, in excess of \$50,000,000 during any  
 7 fiscal year beginning after June 30, 1981, unless the legislature, by law, approves the  
 8 estimate required by this subsection for that fiscal year.

9 \* **Sec. 34.** AS 44.85.110 is amended to read:

10 **Sec. 44.85.110. Annual budget.** The bond bank authority shall prepare and  
 11 submit [AN ANNUAL BUDGET] under AS 37.07 (Executive Budget Act) the portion  
 12 of the Alaska Housing Finance Corporation budget used in connection with the  
 13 exercise of its responsibilities under this chapter.

14 \* **Sec. 35.** AS 44.85.120 is amended to read:

15 **Sec. 44.85.120. Care and custody of bonds.** The bond bank authority, in  
 16 accordance with AS 36.30 (State Procurement Code), may enter into agreements or  
 17 contracts with a bank, trust company, banking or financial institution inside or outside  
 18 the state as may be necessary, desirable, or convenient, in the opinion of the bond  
 19 bank authority, for rendering services in connection with the care, custody, or  
 20 safekeeping of municipal bonds or other investments held or owned by the bond bank  
 21 authority under this chapter, for rendering services in connection with the payment  
 22 or collection of amounts payable as to principal or interest, and for rendering services  
 23 in connection with the delivery to the bond bank authority of municipal bonds or other  
 24 investments purchased by it or sold by it under this chapter, and to pay the cost of  
 25 those services. The bond bank authority may also, in connection with any of the  
 26 services to be rendered by a bank, trust company, or banking or financial institution  
 27 as to the custody and safekeeping of its municipal bonds or investments under this  
 28 chapter, require security in the form of collateral bonds, surety agreements, or security  
 29 agreements in such form and amount as, in the opinion of the bond bank authority, is  
 30 necessary or desirable.

31 \* **Sec. 36.** AS 44.85.180(a) is amended to read:

1 (a) Subject to AS 44.85.100(b), the bond bank authority may issue its bonds  
2 or notes in principal amounts that it considers necessary to provide funds for any  
3 purposes under this chapter, including

4 (1) the purchase of municipal bonds;

5 (2) the making of loans through the purchase of municipal bonds, notes,  
6 or certificates of participation secured by an agreement between the bond bank  
7 authority and a municipality or a municipal joint insurance arrangement organized  
8 under AS 21.76;

9 (3) the payment, funding, or refunding of the principal of, or interest  
10 or redemption premiums on, bonds or notes issued **under this chapter** [BY IT]  
11 whether the bonds or notes or interest to be funded or refunded have or have not  
12 become due;

13 (4) the establishment or increase of reserves to secure or to pay bonds  
14 or notes or interest on bonds or notes and all other costs or expenses of the bond bank  
15 authority incident to and necessary or convenient to carry out its corporate purposes  
16 and powers **under this chapter**.

17 \* **Sec. 37.** AS 44.85.180(b) is amended to read:

18 (b) Except as otherwise provided in this chapter or by the bond bank authority,  
19 every issue of bonds or notes **under this chapter** shall be general obligations payable  
20 out of the revenues or funds of the bond bank authority, subject only to agreements  
21 with the holders of particular bonds or notes pledging a particular revenue or fund.  
22 Bonds or notes may be additionally secured by a pledge of a grant or contributions  
23 from the United States or the state or a political subdivision or a person, firm, or  
24 corporation, or a pledge of income or revenues, funds or money of the bond bank  
25 authority from any source whatsoever.

26 \* **Sec. 38.** AS 44.85.180(c) is amended to read:

27 (c) Notwithstanding the provisions of (a) and (b) of this section, the total  
28 amount of [BOND BANK AUTHORITY] bonds and notes **issued under this chapter**  
29 outstanding at any one time, except bonds or notes issued to fund or refund bonds or  
30 notes, may not exceed \$300,000,000.

31 \* **Sec. 39.** AS 44.85.230 is amended to read:

1           **Sec. 44.85.230. Purchase and disposition of own obligations.** The bond  
 2 bank authority may purchase bonds or notes **issued under this chapter** [OF THE  
 3 BOND BANK AUTHORITY] out of its funds or money [AVAILABLE FOR THE  
 4 PURCHASE OF ITS OWN BONDS AND NOTES]. The bond bank authority may  
 5 hold, cancel, or resell the bonds or notes subject to and in accordance with agreements  
 6 with holders of its bonds or notes.

7 \* **Sec. 40.** AS 44.85.260 is amended to read:

8           **Sec. 44.85.260. Presumption of validity.** After issuance **under this chapter**,  
 9 all bonds or notes [OF THE BOND BANK AUTHORITY] shall be conclusively  
 10 presumed to be fully authorized and issued under the laws of the state, and a person  
 11 or a municipality is estopped from questioning their authorization, sale, issuance,  
 12 execution, or delivery by the bond bank authority **or the former Alaska Municipal**  
 13 **Bond Bank Authority**.

14 \* **Sec. 41.** AS 44.85.270(a) is amended to read:

15           (a) The bond bank authority shall establish and maintain a special fund called  
 16 the "Alaska municipal bond bank authority reserve fund" in which there shall be  
 17 deposited or transferred

18                   (1) all money appropriated by the legislature for the purpose of the  
 19 fund in accordance with the provisions of (g) of this section;

20                   (2) all proceeds of bonds required to be deposited in the fund by terms  
 21 of a contract between the bond bank authority **or the former Alaska Municipal Bond**  
 22 **Bank Authority** and [ITS] bondholders or a resolution of the bond bank authority **or**  
 23 **the former Alaska Municipal Bond Bank Authority** with respect to the proceeds of  
 24 bonds;

25                   (3) all other money appropriated by the legislature to the reserve fund;  
 26 and

27                   (4) any other money or funds of the bond bank authority that it decides  
 28 to deposit in the fund.

29 \* **Sec. 42.** AS 44.85.270(b) is amended to read:

30           (b) Subject to the provisions of (h) of this section, money in the reserve fund  
 31 shall be held and applied solely to the payment of the interest on and principal of

1 bonds issued under this chapter [OF THE BOND BANK AUTHORITY] as the  
 2 interest and principal become due and payable and for the retirement of bonds; and the  
 3 money may not be withdrawn if a withdrawal would reduce the amount in the reserve  
 4 fund to an amount less than the required debt service reserve except for payment of  
 5 interest then due and payable on bonds and the principal of bonds then maturing and  
 6 payable and for the retirement of bonds in accordance with the terms of a contract  
 7 between the bond bank authority or the former Alaska Municipal Bond Bank  
 8 Authority and [ITS] bondholders and for which payments of other money of the bond  
 9 bank authority is not then available. In this subsection, "required debt service reserve"  
 10 means, as of the date of computation, the amount required to be on deposit in the  
 11 reserve fund as provided by resolution of the bond bank authority or the former  
 12 Alaska Municipal Bond Bank Authority.

13 \* **Sec. 43.** AS 44.85.270(f) is amended to read:

14 (f) Notwithstanding any other provision of this chapter, bonds may not be  
 15 issued under this chapter [BY THE BOND BANK AUTHORITY] unless there is in  
 16 the reserve fund the required debt service reserve for all bonds then issued and  
 17 outstanding and for the bonds to be issued; however, the bond bank authority may  
 18 satisfy this requirement by depositing as much of the proceeds of the bonds to be  
 19 issued, upon their issuance, as is needed to meet the required debt service reserve.  
 20 The bond bank authority may at any time issue its bonds or notes for the purpose of  
 21 increasing the amount in the reserve fund to the required debt service reserve, or to  
 22 meet whatever higher or additional reserve that may be fixed by the bond bank  
 23 authority with respect to the fund.

24 \* **Sec. 44.** AS 44.85.270(i) is amended to read:

25 (i) All references to the "reserve fund" in this section include special accounts  
 26 within the reserve fund which may be created [BY THE AUTHORITY] to secure the  
 27 payment of particular bonds. The commissioner of revenue may lend surplus money  
 28 in the general fund to the bond bank authority for deposit to any account in the  
 29 reserve fund in an amount equal to the required debt service reserve. The loans shall  
 30 be made on such terms and conditions as may be agreed upon by the commissioner  
 31 of revenue and the bond bank authority, including, without limitation, terms and

1 conditions providing that the loans need not be repaid until the obligations of the  
2 corporation secured and to be secured by the account in the reserve fund are no longer  
3 outstanding.

4 \* **Sec. 45.** AS 44.85.290 is amended to read:

5 **Sec. 44.85.290. Application of funds.** Money or investments in a fund or  
6 account of the bond bank authority established or held for bonds, notes, indebtedness,  
7 or liability to be paid, funded, or refunded by issuance of bonds or notes **issued under**  
8 **this chapter**, unless the resolution authorizing the bonds or notes provides otherwise,  
9 shall be applied to the payment or retirement of the bonds, notes, indebtedness or  
10 liability **issued or incurred under this chapter**, and to no other purpose.

11 \* **Sec. 46.** AS 44.85.310 is amended to read:

12 **Sec. 44.85.310. Default in payment.** If the bond bank authority defaults in  
13 the payment of principal **of** or interest on [AN ISSUE OF] notes or bonds **issued**  
14 **under this chapter** [AFTER THEY BECOME DUE], whether at maturity or upon call  
15 for redemption, and the default continues for 30 days, or if the bond bank authority  
16 fails or refuses to comply with this chapter or defaults in an agreement made with the  
17 holders of [AN ISSUE OF] notes or bonds **issued under this chapter**, the holders of  
18 25 percent in the aggregate principal amount of the outstanding notes or bonds of that  
19 issue, by instrument filed in the office of the clerk of the district court of the first  
20 judicial district and executed in the same manner as a deed to be recorded, may  
21 appoint a trustee to represent the holders of those notes or bonds for the purposes  
22 provided in this chapter.

23 \* **Sec. 47.** AS 44.85.320(a) is amended to read:

24 (a) A trustee appointed under **AS 44.85.310** [THIS SECTION] may, and shall  
25 in the trustee's name, upon written request of the holders of 25 per cent in principal  
26 amount of the outstanding notes or bonds,

27 (1) by civil action enforce all rights of the noteholders or bondholders,  
28 including the right to require the bond bank authority to collect rates, charges, and  
29 other fees and to collect interest and amortization payments on municipal bonds and  
30 notes held by it adequate to carry out an agreement as to, or pledge of, the rates,  
31 charges, and other fees and of the interest and amortization payments, and to require

1 the bond bank authority to carry out any other agreements with the holders of the notes  
2 or bonds and to perform its duties under this chapter;

3 (2) bring a civil action upon the notes or bonds;

4 (3) by civil action require the bond bank authority to account as if it  
5 were the trustee of an express trust for the holders of the notes or bonds;

6 (4) by civil action enjoin anything that may be unlawful or in violation  
7 of the rights of the holders of the notes or bonds;

8 (5) declare all the notes or bonds due and payable, and if all defaults  
9 are made good, then with the consent of the holders of 25 per cent of the principal  
10 amount of the outstanding notes or bonds, annul the declaration and its consequences;

11 (6) the trustee, in addition to the foregoing, has all the powers  
12 necessary for the exercise of functions specifically set out or incident to the general  
13 representation of bondholders or noteholders in the enforcement and protection of their  
14 rights.

15 \* **Sec. 48.** AS 44.85.410(1) is amended to read:

16 (1) "bond bank authority" means the Alaska **Housing Finance**  
17 **Corporation (AS 18.56.020) in its capacity as a bond bank authority while**  
18 **carrying out its functions under this chapter** [MUNICIPAL BOND BANK  
19 AUTHORITY ESTABLISHED BY AS 44.85.020];

20 \* **Sec. 49.** AS 44.85.420 is amended to read:

21 **Sec. 44.85.420. Short title.** This chapter may be cited as the Alaska  
22 Municipal Bond Bank Authority Act or the Alaska Municipal Bond Bank Act. [IN  
23 TRANSACTIONS INVOLVING GENERAL OBLIGATION BONDS OF  
24 MUNICIPALITIES, THE ALASKA MUNICIPAL BOND BANK AUTHORITY  
25 CREATED BY THIS CHAPTER MAY BE REFERRED TO AS THE ALASKA  
26 MUNICIPAL BOND BANK WITH THE SAME LEGAL EFFECT AS IF THE  
27 REFERENCE WERE TO ALASKA MUNICIPAL BOND BANK AUTHORITY.]

28 \* **Sec. 50.** AS 14.42.100, 14.42.110, 14.42.120, 14.42.160, 14.42.210(c); AS 39.25.110(12);  
29 AS 39.50.200(b)(33); AS 44.85.020, 44.85.030, 44.85.040, 44.85.060; 44.85.410(2);  
30 AS 44.99.030(a)(8), and 44.99.030(a)(13) are repealed.

31 \* **Sec. 51.** The uncodified law of the State of Alaska is amended by adding a new section

1 to read:

2           TRANSITION. (a) The assets and liabilities of the Alaska Student Loan Corporation  
3 and the Alaska Municipal Bond Bank Authority are transferred to the Alaska Housing Finance  
4 Corporation on the effective date of this Act.

5           (b) Regulations of the Alaska Student Loan Corporation or the Alaska Municipal Bond  
6 Bank Authority in effect on the effective date of this Act remain in effect until repealed or  
7 amended by the Alaska Housing Finance Corporation. The regulations may be amended by  
8 the Alaska Housing Finance Corporation any time after this Act takes effect.