

**HOUSE BILL NO. 179**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVE BERKOWITZ**

**Introduced: 3/10/03**

**Referred: House Special Committee on Education, Community and Regional Affairs, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

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

1 and 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  
 4 BOND BANK AUTHORITY] may purchase and market bonds of the Alaska  
 5 Aerospace Development Corporation.

6 \* **Sec. 3.** AS 14.42.110 is amended to read:

7 **Sec. 14.42.110. Purpose of corporation.** The purpose of the corporation  
 8 **under this chapter, AS 14.43, and AS 14.44** is to improve postsecondary educational  
 9 opportunities of eligible students through the

10 (1) centralized administration of financial aid and loan programs;

11 (2) coordination of the state's administrative effort in student financial  
 12 aid and loan programs with those of other government authorities; and

13 (3) support of the administration by the federal government, other  
 14 states, and institutions of postsecondary education of the federal guaranteed student  
 15 loan program.

16 \* **Sec. 4.** AS 14.42.130(b) is amended to read:

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

20 \* **Sec. 5.** AS 14.42.140 is amended to read:

21 **Sec. 14.42.140. Minutes of meetings.** The board shall keep minutes of each  
 22 meeting **held to carry out its responsibilities under this chapter, AS 14.43, and**  
 23 **AS 14.44** and send a certified copy to the governor and to the Legislative Budget and  
 24 Audit Committee.

25 \* **Sec. 6.** AS 14.42.150 is amended to read:

26 **Sec. 14.42.150. Administration of affairs.** The board shall manage the assets  
 27 and business of the corporation and may adopt bylaws and regulations, in accordance  
 28 with AS 44.62 (Administrative Procedure Act), governing the manner in which the  
 29 business of the corporation **under this chapter, AS 14.43, and AS 14.44** is conducted  
 30 and the manner in which its powers **under those chapters** are exercised. The board  
 31 shall delegate supervision of the administration of the corporation to the executive

1 **director** [OFFICER] of the corporation.

2 \* **Sec. 7.** AS 14.42.170 is amended to read:

3 **Sec. 14.42.170. Staff.** The employees of the Alaska Commission on  
4 Postsecondary Education shall serve as staff for the corporation **in connection with**  
5 **the exercise of its responsibilities under this chapter, AS 14.43, and AS 14.44.**

6 \* **Sec. 8.** AS 14.42.190 is amended to read:

7 **Sec. 14.42.190. Budget.** The **portion of the** operating budget of the  
8 corporation **used in connection with the exercise of its responsibilities under this**  
9 **chapter, AS 14.43, and AS 14.44** is subject to AS 37.07 (Executive Budget Act).

10 \* **Sec. 9.** AS 14.42.200 is amended to read:

11 **Sec. 14.42.200. General powers.** In addition to other powers granted in this  
12 chapter, the corporation, **in the exercise of its power and functions under this**  
13 **chapter, AS 14.43, and AS 14.44,** may

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

15 (2) adopt an official seal;

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

18 (4) make and execute agreements, contracts, and other instruments  
19 necessary or convenient in the exercise of the powers and functions of the corporation  
20 **under this chapter, AS 14.43, and AS 14.44,** including contracts with a person or  
21 governmental entity;

22 (5) receive, take, hold, and administer, on behalf of the corporation and  
23 for any of its purposes, any appropriation, gift, grant, bequest, devise, or donation of  
24 real property or personal property if that obligation of the corporation is not a debt of  
25 the state; in this paragraph, "property" includes

26 (A) money; and

27 (B) life estates, leases, or other interests in property;

28 (6) borrow money as provided in **AS 14.42.220** [THIS CHAPTER] to  
29 carry out its corporate purposes **under this chapter, AS 14.43, and AS 14.44** and  
30 issue its obligations as evidence of the borrowing;

31 (7) include in a borrowing **under AS 14.42.220** the amounts to pay

1 financing charges, interest on the obligations for a period not exceeding one year after  
 2 the date on which the corporation estimates funds will otherwise be available to pay  
 3 the interest, consultant, advisory, and legal fees, and other expenses necessary or  
 4 incident to the borrowing;

5 (8) invest or reinvest, subject to its contracts with noteholders and  
 6 bondholders, money held **under this chapter, AS 14.43, or AS 14.44** by the  
 7 corporation as set out in AS 37.10.071;

8 (9) set and collect interest, fees, and charges in connection with  
 9 education loans or repayment obligations held by the corporation and its servicing  
 10 agents **under this chapter, AS 14.43, or AS 14.44**; in this paragraph, "charges"  
 11 includes costs of financing by the corporation, service charges, insurance premiums,  
 12 and other costs incurred by the corporation in carrying out its corporate purposes;

13 (10) gather information on postsecondary education financial resources  
 14 available to residents of this state and disseminate the information to reasonably assure  
 15 that qualified residents are aware of those financial resources;

16 (11) service education loans and repayment obligations held by the  
 17 corporation **under this chapter, AS 14.43, or AS 14.44**;

18 (12) purchase or participate in the purchase of education loans;

19 (13) contract in advance for the purchase or sale of education loans;

20 (14) sell or participate in the sale, either public or private and on terms  
 21 authorized by the board, of education loans to the Student Loan Marketing Association  
 22 or to other purchasers;

23 (15) collect and pay reasonable fees and charges in connection with the  
 24 purchase, sale, and servicing of education loans and repayment obligations;

25 (16) enter into agreements with the federal government, including  
 26 guaranty agreements and supplemental guaranty agreements as described in 20 U.S.C.  
 27 1001 - 1155, as amended, as necessary to provide for the receipt by the corporation of  
 28 administrative allowances and other benefits available under 20 U.S.C. 1001 - 1155,  
 29 as amended;

30 (17) administer federal money allotted to the state involving insured  
 31 education loans and related administrative costs and other matters;

1 (18) enter into agreements with the commission relating to education  
 2 loans and repayment obligations, the administration of the financial aid and loan  
 3 programs under AS 14.43.091 - 14.43.750, 14.43.990, and AS 14.44, and the payment  
 4 of and security for bonds of the corporation **issued under AS 14.42.220**;

5 (19) to the extent permitted under contracts with bondholders, consent  
 6 to the modification of the rate of interest, time of payment of an installment of  
 7 principal or interest, or other terms of an education loan or repayment obligation held  
 8 by the corporation **under this chapter, AS 14.43, or AS 14.44**;

9 (20) procure insurance against any loss in connection with the  
 10 operation of its programs **under this chapter, AS 14.43, or AS 14.44**;

11 (21) provide advisory services to borrowers and other participants in  
 12 the corporation's programs **under this chapter or AS 14.43**;

13 (22) enter into credit facility agreements **to carry out the**  
 14 **corporation's responsibilities under this chapter, AS 14.43, and AS 14.44** and  
 15 make pledges, covenants, and agreements with respect to the repayment of borrowings  
 16 under the credit facility agreements;

17 (23) develop and implement education financing programs; in this  
 18 paragraph, "programs" includes

19 (A) programs listed in AS 14.42.030(b)(1);

20 (B) programs for the guaranteeing, servicing, originating, and  
 21 financing of education loans for borrowers located both inside and outside the  
 22 state; and

23 (C) federal financial aid programs made under federal law; and

24 (24) perform acts that may be necessary or appropriate to carry out  
 25 effectively the general objectives and purposes of the corporation under **this chapter,**  
 26 **AS 14.43, and AS 14.44** [AS 14.42.100 - 14.42.990].

27 \* **Sec. 10.** AS 14.42.210(a) is amended to read:

28 (a) The education loan fund is established in the corporation. The education  
 29 loan fund is a trust fund to be used to carry out the purposes of **AS 14.42.110 -**  
 30 **14.42.990** [AS 14.42.100 - 14.42.990], AS 14.43.091 - 14.43.175, 14.43.600 -  
 31 14.43.700, 14.43.710 - 14.43.750, 14.43.990, and AS 14.44.025. The fund consists of

1 money or assets appropriated or transferred to the corporation for the fund and money  
 2 or assets deposited in it by the corporation. The corporation may establish separate  
 3 accounts in the fund.

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

5 (b) Money and other assets of the education loan fund may be used to

6 (1) secure bonds of the corporation **issued under AS 14.42.220**;

7 (2) pay the costs of administration of the fund;

8 (3) invest in education loans and investments under AS 37.10.071;

9 (4) finance programs approved under AS 14.43.091 - 14.43.175,  
 10 14.43.600 - 14.43.700, 14.43.710 - 14.43.750, or AS 14.44.040; and

11 (5) pay the costs of administering and collecting the loans and  
 12 repayment obligations under the financial aid programs listed in (4) of this subsection.

13 \* **Sec. 12.** AS 14.42.210 is amended by adding a new subsection to read:

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

20 \* **Sec. 13.** AS 14.42.220(f) is amended to read:

21 (f) The corporation may not issue bonds **under this section**, other than  
 22 refunding bonds, during any two consecutive fiscal years in an aggregate amount  
 23 greater than \$200,000,000 unless the legislature, by law, approves issuance of a  
 24 greater amount.

25 \* **Sec. 14.** AS 14.42.270 is amended to read:

26 **Sec. 14.42.270. Pledge and agreement of state.** The state pledges to and  
 27 agrees with holders of bonds issued by the **former Alaska Student Loan**  
 28 **Corporation or by the Alaska Housing Finance Corporation under AS 14.42.220**  
 29 [CORPORATION] that the state will not limit or alter the rights and powers vested in  
 30 the corporation under **AS 14.42.110 - 14.42.990** [AS 14.42.100 - 14.42.990] to fulfill  
 31 the terms of a contract made by the **former Alaska Student Loan Corporation or by**

1 **the Alaska Housing Finance Corporation** [CORPORATION] with the bondholders  
 2 or in any way impair the rights and remedies of the bondholders until the bonds,  
 3 together with the interest on them with interest on unpaid installments of interest, and  
 4 all costs and expenses in connection with an action or proceeding by or on behalf of  
 5 the bondholders, are fully met and discharged. The corporation may include this  
 6 pledge and agreement of the state in a contract with bondholders.

7 \* **Sec. 15.** AS 14.42.280 is amended to read:

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

21 \* **Sec. 16.** AS 14.42.290 is amended to read:

22 **Sec. 14.42.290. Bonds legal investments for fiduciaries.** The bonds of the  
 23 corporation **issued under AS 14.42.220** are securities in which public officers and  
 24 bodies of the state, municipalities, insurance companies, insurance associations, other  
 25 persons carrying on an insurance business, banks, bankers, trust companies, savings  
 26 banks, savings associations, building and loan associations, investment companies,  
 27 other persons carrying on a banking business, administrators, guardians, executors,  
 28 trustees, other fiduciaries, and other persons who are authorized to invest in bonds or  
 29 other obligations of the state [,] may properly and legally invest funds including  
 30 capital in their control or belonging to them. Notwithstanding any other provisions of  
 31 law, the bonds of the corporation **issued under AS 14.42.220** are also securities that

1 may be deposited with and may be received by public officers and bodies of the state  
 2 and municipalities for any purpose for which the deposit of bonds or other obligations  
 3 of the state is not or may be authorized.

4 \* **Sec. 17.** AS 14.42.300 is amended to read:

5 **Sec. 14.42.300. Operation of certain statutes excepted.** (a) **In the exercise**  
 6 **of its powers and functions under this chapter, AS 14.43, and AS 14.44, the** [THE]  
 7 corporation

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

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

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

13 (b) The funds, income, and receipts of the corporation **that are obtained by it**  
 14 **in the exercise of its powers and functions under this chapter, AS 14.43, and**  
 15 **AS 14.44** are not money of the state, nor may real property in which the corporation  
 16 has an interest be considered land owned in fee by the state or to which the state may  
 17 become entitled or in any way land belonging to the state, or state land referred to in  
 18 art. VIII of the Alaska Constitution.

19 \* **Sec. 18.** AS 14.42.310 is amended to read:

20 **Sec. 14.42.310. Annual audit.** The financial records of the corporation **that**  
 21 **relate to its exercise of its powers and functions under this chapter, AS 14.43, and**  
 22 **AS 14.44** shall be audited annually by the legislative auditor or by a certified public  
 23 accountant approved by the legislative auditor. The legislative auditor may prescribe  
 24 the form and content of **these** [THE] financial records of the corporation and shall  
 25 have access to these records at any time.

26 \* **Sec. 19.** AS 14.42.990(3) is amended to read:

27 (3) "corporation" means the Alaska **Housing Finance** [STUDENT  
 28 LOAN] Corporation created in **AS 18.56.020** [AS 14.42.100];

29 \* **Sec. 20.** AS 14.43.120(f) is amended to read:

30 (f) Interest on a loan made under AS 14.43.091 - 14.43.160 is equal to the  
 31 interest rate

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

4 (2) necessary to pay the administrative cost of the education loan  
 5 program that is represented by the loan.

6 \* **Sec. 21.** AS 14.43.120(r) is amended to read:

7 (r) The rate of interest, time of payment of an installment of principal or  
 8 interest, or other terms of an education loan may be modified if required to establish or  
 9 maintain tax-exempt status under 26 U.S.C. 103 (Internal Revenue Code of 1986), as  
 10 amended, for the interest on bonds issued by the **former** Alaska Student Loan  
 11 Corporation **or the Alaska Housing Finance Corporation under AS 14.42.220.**

12 \* **Sec. 22.** AS 14.43.120(t) is amended to read:

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

18 \* **Sec. 23.** AS 14.43.120(u) is amended to read:

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

28 \* **Sec. 24.** AS 14.43.620 is amended to read:

29 **Sec. 14.43.620. Teacher education revolving loan fund.** (a) There is  
 30 created a teacher education revolving loan fund. The fund shall be used to make  
 31 education loans to students selected under AS 14.43.600 - 14.43.700. Unless the

1 instrument evidencing the teacher education loan has been sold or assigned to the  
 2 **former** Alaska Student Loan Corporation **or the Alaska Housing Finance**  
 3 **Corporation**, repayments of principal and interest on a teacher education loan shall be  
 4 paid into the teacher education revolving loan fund and shall be used to make new  
 5 teacher education loans. If estimated funds available are inadequate to fully fund  
 6 estimated teacher education loans for any fiscal year, additional funding from the  
 7 general fund may be requested and appropriated for that year.

8 (b) The commission may sell or assign notes and other instruments evidencing  
 9 teacher education loans to the Alaska **Housing Finance** [STUDENT LOAN]  
 10 Corporation and enter into agreements with the corporation relating to loans, the  
 11 administration of the education loan fund created under AS 14.42.210 and the  
 12 payment of and security for bonds of the corporation **issued under AS 14.42.220**.  
 13 Proceeds from the sale or assignment of the notes or other instruments shall be  
 14 deposited in the teacher education revolving loan fund.

15 \* **Sec. 25.** AS 14.43.720 is amended to read:

16 **Sec. 14.43.720. Family education loan account.** (a) The family education  
 17 loan account is created within the education loan fund (AS 14.42.210). The account  
 18 shall be used to make family education loans to families selected under AS 14.43.710  
 19 - 14.43.750, to pay the costs of collecting family education loans that are in default if  
 20 those costs are not recovered from the family, and to pay the costs of administering the  
 21 account. Unless the instrument evidencing the family education loan has been sold or  
 22 assigned to the **former** Alaska Student Loan Corporation **or the Alaska Housing**  
 23 **Finance Corporation**, repayments of principal and interest on family education loans  
 24 shall be paid into the family education loan account. If estimated funds available from  
 25 family education loan repayments are inadequate to fully fund estimated family  
 26 education loans in a fiscal year, additional funding from the general fund may be  
 27 requested and appropriated for that year.

28 (b) The commission may sell or assign notes and other instruments evidencing  
 29 family education loans to the Alaska **Housing Finance** [STUDENT LOAN]  
 30 Corporation and enter into agreements with the corporation relating to loans, the  
 31 administration of the education loan fund created under AS 14.42.210, and the

1 payment of and security for bonds of the corporation **issued under AS 14.42.220**.  
 2 Proceeds from the sale or assignment of notes and other instruments shall be deposited  
 3 in the family education loan account.

4 \* **Sec. 26.** AS 14.43.990(3) is amended to read:

5 (3) "corporation" means the Alaska **Housing Finance** [STUDENT  
 6 LOAN] Corporation created in **AS 18.56.020** [AS 14.42.100];

7 \* **Sec. 27.** AS 21.76.080(b) is amended to read:

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

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

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

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

18 \* **Sec. 28.** AS 44.85.010 is amended to read:

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

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

28 (2) to encourage municipalities to continue their independent  
 29 undertakings and financing of capital improvements and other authorized purposes  
 30 and to assist them by making capital funds available at reduced interest costs for  
 31 orderly financing of capital improvements and other purposes especially during

1 periods of restricted credit or money supply, particularly for those municipalities not  
2 otherwise able to borrow for capital needs;

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

9 (b) The legislature further declares that

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

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

22 (3) the Alaska Housing Finance Corporation [BOND BANK  
23 AUTHORITY] should conduct its operations to provide the lowest rates in terms of  
24 borrowing to municipalities as is consistent with a self-supporting operation with no  
25 expectation of subsidization with state funds; the legislature does not intend that the  
26 bond bank authority be utilized as a means to finance municipalities beyond their  
27 capability to meet repayment schedules and debt service requirements of bonds or  
28 notes.

29 \* **Sec. 29.** AS 44.85.070 is amended to read:

30 **Sec. 44.85.070. Staff.** [THE BOND BANK AUTHORITY SHALL  
31 EMPLOY AN EXECUTIVE SECRETARY WHO MAY WITH THE APPROVAL

1 OF THE BOND BANK AUTHORITY SELECT AND EMPLOY ADDITIONAL  
 2 STAFF AS NECESSARY. EMPLOYEES AND AGENTS OF THE BOND BANK  
 3 AUTHORITY OTHER THAN LEGAL COUNSEL AND THE EXECUTIVE  
 4 SECRETARY ARE IN THE CLASSIFIED SERVICE UNDER AS 39.25.] In  
 5 addition to its staff of regular employees, the bond bank authority may contract for and  
 6 engage the services of the bond counsel, consultants, experts, and financial advisors  
 7 the bond bank authority considers necessary for the purpose of developing  
 8 information, or conducting studies, investigations, hearings, or other proceedings.

9 \* **Sec. 30.** AS 44.85.080 is amended to read:

10 **Sec. 44.85.080. Powers of bond bank authority.** The bond bank authority  
 11 may

12 (1) sue and be sued;

13 (2) adopt and alter an official seal;

14 (3) make and enforce bylaws and regulations for the conduct of its  
 15 business and for the use of its services and facilities;

16 (4) maintain an office at any place in the state;

17 (5) acquire, hold, use, and dispose of its income, revenues, funds, and  
 18 money **to carry out the purposes of this chapter;**

19 (6) acquire, rent, lease, hold, use, and dispose of other personal  
 20 property for its purposes **under this chapter;**

21 (7) subject to AS 44.85.100(b), borrow money and issue its negotiable  
 22 bonds or notes **under this chapter** and provide for and secure their payment, provide  
 23 for the rights of their holders and purchase, hold and dispose of any [OF ITS] bonds or  
 24 notes **issued under this chapter;**

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

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

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

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

7                   (12) purchase or hold municipal bonds at prices and in a manner the  
8 bond bank authority considers advisable, and sell municipal bonds acquired or held by  
9 it at prices without relation to cost and in a manner the bond bank authority considers  
10 advisable;

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

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

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

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

26                  (17) fix and establish terms and provisions with respect to a purchase  
27 of municipal bonds by the bond bank authority, including date and maturities of the  
28 bonds, provisions as to redemption or payment before maturity, and any other matters  
29 that, [WHICH] in connection with the purchase, are necessary, desirable, or advisable  
30 in the judgment of the bond bank authority;

31                  (18) procure insurance against any losses in connection with its

1 property, operations, or assets in amounts and from insurers as it considers desirable;

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

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

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

17 \* **Sec. 31.** AS 44.85.100 is amended to read:

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

27 (b) The bond bank authority shall include in the report required by (a) of this  
28 section an estimate of the amount of revenue bonds of the bond bank authority to be  
29 issued **under this chapter** during the fiscal year following the fiscal year in which the  
30 report is submitted. **Under this chapter, the** [THE] bond bank authority may not  
31 issue revenue bonds, other than refunding bonds, in excess of \$50,000,000 during any

1 fiscal year beginning after June 30, 1981, unless the legislature, by law, approves the  
2 estimate required by this subsection for that fiscal year.

3 \* **Sec. 32.** AS 44.85.110 is amended to read:

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

8 \* **Sec. 33.** AS 44.85.120 is amended to read:

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

25 \* **Sec. 34.** AS 44.85.180(a) is amended to read:

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

29 (1) the purchase of municipal bonds;

30 (2) the making of loans through the purchase of municipal bonds,  
31 notes, or certificates of participation secured by an agreement between the bond bank

1 authority and a municipality or a municipal joint insurance arrangement organized  
2 under AS 21.76;

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

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

10 \* **Sec. 35.** AS 44.85.180(b) is amended to read:

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

19 \* **Sec. 36.** AS 44.85.180(c) is amended to read:

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

24 \* **Sec. 37.** AS 44.85.230 is amended to read:

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

31 \* **Sec. 38.** AS 44.85.260 is amended to read:

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

7 \* **Sec. 39.** AS 44.85.270(a) is amended to read:

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

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

13                   (2) all proceeds of bonds required to be deposited in the fund by terms  
 14 of a contract between the bond bank authority **or the former Alaska Municipal Bond**  
 15 **Bank Authority** and [ITS] bondholders or a resolution of the bond bank authority **or**  
 16 **the former Alaska Municipal Bond Bank Authority** with respect to the proceeds of  
 17 bonds;

18                   (3) all other money appropriated by the legislature to the reserve fund;  
 19 and

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

22 \* **Sec. 40.** AS 44.85.270(b) is amended to read:

23           (b) Subject to the provisions of (h) of this section, money in the reserve fund  
 24 shall be held and applied solely to the payment of the interest on and principal of  
 25 bonds **issued under this chapter** [OF THE BOND BANK AUTHORITY] as the  
 26 interest and principal become due and payable and for the retirement of bonds; and the  
 27 money may not be withdrawn if a withdrawal would reduce the amount in the reserve  
 28 fund to an amount less than the required debt service reserve except for payment of  
 29 interest then due and payable on bonds and the principal of bonds then maturing and  
 30 payable and for the retirement of bonds in accordance with the terms of a contract  
 31 between the bond bank authority **or the former Alaska Municipal Bond Bank**

1        **Authority** and [ITS] bondholders and for which payments of other money of the bond  
 2        bank authority is not then available. In this subsection, "required debt service reserve"  
 3        means, as of the date of computation, the amount required to be on deposit in the  
 4        reserve fund as provided by resolution of the bond bank authority **or the former**  
 5        **Alaska Municipal Bond Bank Authority**.

6        \* **Sec. 41.** AS 44.85.270(f) is amended to read:

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

17       \* **Sec. 42.** AS 44.85.270(i) is amended to read:

18                (i) All references to the "reserve fund" in this section include special accounts  
 19       within the reserve fund **that** [WHICH] may be created [BY THE AUTHORITY] to  
 20       secure the payment of particular bonds. The commissioner of revenue may lend  
 21       surplus money in the general fund to the **bond bank** authority for deposit to any  
 22       account in the reserve fund in an amount equal to the required debt service reserve.  
 23       The loans shall be made on such terms and conditions as may be agreed upon by the  
 24       commissioner of revenue and the **bond bank** authority, including, without limitation,  
 25       terms and conditions providing that the loans need not be repaid until the obligations  
 26       of the corporation secured and to be secured by the account in the reserve fund are no  
 27       longer outstanding.

28       \* **Sec. 43.** AS 44.85.290 is amended to read:

29                **Sec. 44.85.290. Application of funds.** Money or investments in a fund or  
 30       account of the bond bank authority established or held for bonds, notes, indebtedness,  
 31       or liability to be paid, funded, or refunded by issuance of bonds or notes **issued under**

1        **this chapter**, unless the resolution authorizing the bonds or notes provides otherwise,  
 2        shall be applied to the payment or retirement of the bonds, notes, indebtedness or  
 3        liability **issued or incurred under this chapter**, and to no other purpose.

4        \* **Sec. 44.** AS 44.85.310 is amended to read:

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

16        \* **Sec. 45.** AS 44.85.410(1) is amended to read:

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

21        \* **Sec. 46.** AS 44.85.420 is amended to read:

22                **Sec. 44.85.420. Short title.** This chapter may be cited as the Alaska  
 23        Municipal Bond Bank Authority Act or the Alaska Municipal Bond Bank Act. In  
 24        transactions involving general obligation bonds of municipalities, the Alaska **Housing**  
 25        **Finance Corporation** [MUNICIPAL BOND BANK AUTHORITY CREATED BY  
 26        THIS CHAPTER] may be referred to as the Alaska Municipal Bond Bank with the  
 27        same legal effect as if the reference were to **the** Alaska **Housing Finance**  
 28        **Corporation** [MUNICIPAL BOND BANK AUTHORITY].

29        \* **Sec. 47.** AS 14.42.100, 14.42.120, 14.42.160; AS 39.25.110(12); AS 39.50.200(b)(33);  
 30        AS 44.85.020, 44.85.030, 44.85.040, 44.85.060, 44.85.410(2); AS 44.99.030(a)(8), and  
 31        44.99.030(a)(13) are repealed.

1       \* **Sec. 48.** The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

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

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