

**CS FOR HOUSE BILL NO. 13(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/23/07

Referred: Rules

Sponsor(s): REPRESENTATIVES HAWKER, Fairclough, Kelly, Roses, Dahlstrom, Johnson, Johansen, Lynn, LeDoux

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to prepayments of accrued actuarial liabilities of government  
2 retirement systems; relating to the Alaska Municipal Bond Bank Authority, the Alaska  
3 Housing Finance Corporation, and the state bond committee; establishing the Alaska  
4 Pension Obligation Bond Corporation; permitting the Alaska Municipal Bond Bank  
5 Authority or a subsidiary of the authority, a subsidiary of the Alaska Housing Finance  
6 Corporation, the state bond committee, and the Alaska Pension Obligation Bond  
7 Corporation to assist state and municipal governmental employers by issuing bonds,  
8 notes, commercial paper, or other obligations to enable the governmental employers to  
9 prepay all or a portion of the governmental employers' shares of the unfunded accrued  
10 actuarial liabilities of retirement systems; authorizing a governmental employer to issue  
11 obligations to prepay all or a portion of the governmental employer's shares of the  
12 unfunded accrued actuarial liabilities of retirement systems and to enter into a lease or

1 **other contractual agreement with a trustee, the Alaska Municipal Bond Bank Authority**  
 2 **or a subsidiary of the authority, a subsidiary of the Alaska Housing Finance**  
 3 **Corporation, the state bond committee, or the Alaska Pension Obligation Bond**  
 4 **Corporation in connection with the issuance of obligations for that purpose, and relating**  
 5 **to those obligations; relating to revision of the employer contribution rate in connection**  
 6 **with financed prepayment of unfunded accrued actuarial liabilities of government**  
 7 **retirement systems; and providing for an effective date."**

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

9 \* **Section 1.** AS 14.25.070 is amended by adding new subsections to read:

10 (d) All or a portion of the employer's share of any accrued actuarial liability to  
 11 the plan any be prepaid in a lump sum. The commissioner of administration may, by  
 12 regulation, establish a minimum amount for the lump sum payment of a portion. The  
 13 administrator shall charge to the employer appropriate and reasonable administrative  
 14 costs to the plan attributable to a lump sum payment that are not greater than  
 15 administrative costs applied to other employer contributions. If an employer is  
 16 grouped with any other employer in accounting for contributions, the lump sum  
 17 payment for the employer shall be accounted for separately in accordance with  
 18 regulations adopted by the commissioner. The regulations must provide for crediting  
 19 to each lump sum payment account all earnings and losses received from investment  
 20 of that payment. The lump sum payment shall be used solely to offset contributions  
 21 under this section required of the employer for which the payment was made, taking  
 22 into account earnings and losses from its investment. A lump sum payment made by or  
 23 on behalf of an employer under this subsection, together with all earnings and losses  
 24 from investment of that payment, may not be considered in calculating that employer's  
 25 share of any discretionary payment authorized by the state that benefits multiple  
 26 employers.

27 (e) If all or a portion of an employer's share of any accrued actuarial liability  
 28 to the plan is prepaid in a lump sum under (d) of this section, the administrator shall

1 calculate a revised employer contribution rate for that employer in recognition of that  
2 prepayment not more than 30 days following the prepayment.

3 \* **Sec. 2.** AS 18.56.010 is amended by adding a new subsection to read:

4 (g) The legislature finds that permitting the Alaska Housing Finance  
5 Corporation to create a subsidiary to assist in the financing of prepayment of all or a  
6 portion of a governmental employer's share of unfunded accrued actuarial liability of  
7 retirement systems serves a public purpose in benefiting the people of the state. The  
8 Alaska Housing Finance Corporation may act on behalf of the state and its people in  
9 serving this public purpose for the benefit of the general public.

10 \* **Sec. 3.** AS 18.56.086 is amended to read:

11 **Sec. 18.56.086. Creation of subsidiaries.** The corporation may create  
12 subsidiary corporations for the purpose of financing or facilitating the financing of  
13 school construction, facilities for the University of Alaska, facilities for ports and  
14 harbors, **prepayment of all or a portion of a governmental employer's share of**  
15 **unfunded accrued actuarial liability of retirement systems,** or other capital  
16 projects. A subsidiary corporation created under this section may be incorporated  
17 under AS 10.20.146 - 10.20.166. The corporation may transfer assets of the  
18 corporation to a subsidiary created under this section. A subsidiary created under this  
19 section may borrow money and issue bonds as evidence of that borrowing, and has all  
20 the powers of the corporation that the corporation grants to it. Unless otherwise  
21 provided by the corporation, the debts, liabilities, and obligations of a subsidiary  
22 corporation created under this section are not the debts, liabilities, or obligations of the  
23 corporation.

24 \* **Sec. 4.** AS 18.56.110(g) is amended to read:

25 (g) Notwithstanding AS 18.56.090(a)(11) and (a) of this section, the  
26 corporation may not issue bonds in any 12-month period beginning after June 30,  
27 1983, in an amount that exceeds the amount of bonds authorized to be issued during  
28 the preceding period, unless a different amount is authorized by the legislature. This  
29 subsection does not apply to

30 (1) the issuance by the corporation of refunding bonds;

31 (2) [OR TO] the issuance by the corporation of bonds the proceeds of

1 which are intended to be used to refinance mortgage loans held by the corporation; or  
 2 (3) the issuance by a subsidiary of the corporation of bonds to  
 3 prepay all or a portion of a governmental employer's share of unfunded accrued  
 4 actuarial liability of retirement systems if the board of the subsidiary first finds  
 5 that the actuarially assumed rate of return on the funds managed by the Alaska  
 6 Retirement Management Board is projected to exceed the true interest cost to be  
 7 paid on the bonds by at least 1.5 percent annually.

8 \* **Sec. 5.** AS 18.56.390 is amended by adding a new paragraph to read:

9 (14) "governmental employer" means the State of Alaska or a  
 10 municipality or other state or municipal governmental entity within the state, including  
 11 an agency, instrumentality, district, school district, public corporation, department,  
 12 division, or other subdivision of the state or of a municipality, in its capacity as an  
 13 employer.

14 \* **Sec. 6.** AS 29.47 is amended by adding a new section to read:

15 **Sec. 29.47.480. Accrued actuarial liabilities of retirement systems.** (a) A  
 16 municipality, or two or more municipalities jointly, may issue obligations to prepay all  
 17 or a portion of each participating municipality's share of the accrued actuarial  
 18 liabilities of retirement systems. A municipality, or two or more municipalities jointly,  
 19 may enter into a lease or other contractual agreement with a trustee, or the Alaska  
 20 Municipal Bond Bank Authority or a subsidiary of the authority, a subsidiary of the  
 21 Alaska Housing Finance Corporation, the state bond committee, or the Alaska Pension  
 22 Obligation Bond Corporation in connection with the issuance of obligations to prepay  
 23 all or a portion of each participating municipality's share of the accrued actuarial  
 24 liabilities of retirement systems. Obligations issued for purposes described in this  
 25 subsection must be secured and payable as provided in the agreement or under an  
 26 authorizing ordinance. The agreement or ordinance may provide for reserves and for  
 27 protective covenants.

28 (b) Amounts paid by a participating municipality in connection with  
 29 obligations issued under this section, together with proceeds of the obligations and  
 30 interest or earnings, may be pooled into one or more funds or accounts, including one  
 31 or more debt service funds. The assets in any of the funds or accounts may be pledged

1 to the holders of the obligations.

2 (c) A municipality may enter into a funds diversion agreement with a state  
3 agency regarding payment of money on behalf of the municipality that may be applied  
4 to payments under a lease, other agreement, or obligation issued under this section.  
5 The funds diversion agreement must provide, subject to any conditions set out in the  
6 funds diversion agreement, that all or a portion of the funds otherwise payable to the  
7 municipality by the state agency shall be paid directly to the trustee, the Alaska Bond  
8 Bank Authority, or its subsidiary, a subsidiary of the Alaska Housing Finance  
9 Corporation, the state bond committee, or the Alaska Pension Obligation Bond  
10 Corporation, to satisfy, in whole or part, the municipality's payments under the lease,  
11 other agreement, or obligations. Nothing in this subsection or in a funds diversion  
12 agreement entered into under this subsection obligates the state or a state agency to  
13 pay any amount to or on behalf of a municipality that the municipality is not otherwise  
14 entitled to receive or to make any payments of principal or interest on the obligations.

15 (d) For purposes of this section, "obligations" means bonds, notes, commercial  
16 paper, certificates of participation, or other contractual obligations.

17 \* **Sec. 7.** AS 36.30.850(b) is amended by adding a new subsection to read:

18 (45) contracts of the Alaska Pension Obligation Bond Corporation  
19 under AS 37.16.010 - 37.16.900.

20 \* **Sec. 8.** AS 37.15 is amended by adding new sections to read;

21 **Article 8. Pension Obligation Bonds.**

22 **Sec. 37.15.900. Bond authorization.** (a) For purposes of financing  
23 prepayment of all or a portion of a governmental employer's share of unfunded  
24 accrued actuarial liability of retirement systems, including the costs of issuance and  
25 administration, the issuance and sale of bonds of the state by the committee is  
26 authorized as provided in this section and AS 37.15.905 - 37.15.955. The net proceeds  
27 of the sale of the bonds remaining after payment of costs of issuance and  
28 administration shall be transferred to the commissioner of administration for the  
29 account of the governmental employer whose share of unfunded accrued actuarial  
30 liability is to be prepaid for application to that liability. Accrued interest paid on the  
31 bonds shall be paid into the pension obligation bond redemption fund.

1 (b) The total unpaid principal amount of bonds, including refunding bonds,  
2 but excluding refunded bonds, may not exceed \$5,000,000,000. The bonds do not  
3 constitute a general obligation of the state. Authorization by the voters of the state or  
4 the legislature is not required.

5 (c) The committee may enter into agreements with other state agencies as  
6 necessary or convenient to implement this section and AS 37.15.905 - 37.15.955.

7 (d) The committee may contract for the services of underwriters, paying  
8 agents, trustees, bond printers, rating agencies, bond insurance, credit enhancement  
9 providers, accountants, financial advisors, and bond counsel, and for other services as  
10 are necessary to accomplish the bond issuance and sale.

11 **Sec. 37.15.905. Bond redemption fund.** (a) There is established a special fund  
12 of the state, known as the pension obligation bond redemption fund, which is a trust  
13 fund for paying and securing the payment of the principal of and interest and  
14 redemption premium, if any, on the bonds, and which shall be at all times completely  
15 segregated and set apart from all other funds of the state. The committee, on behalf of  
16 the state, may obligate and bind the state to set aside and pay into the bond redemption  
17 fund, on a monthly or other periodic basis. The bond redemption fund shall be drawn  
18 upon only for the purpose of paying the principal of and interest and redemption  
19 premium, if any, on the bonds, together with related trustee fees, if any.

20 (b) Money in the bond redemption fund may be invested in the same manner  
21 and on the same conditions as permitted for investing of money belonging to the state  
22 or held in the treasury under AS 37.10.070; however, the committee may agree with  
23 the bondholders to further limit these investments. Earnings on investments must be  
24 retained in the bond redemption fund.

25 (c) Separate accounts may be created in the bond redemption fund for the  
26 purposes of paying and securing the bonds. The accounts may be combined for  
27 purposes of investment and for financial support to achieve the purposes of  
28 AS 37.15.910(c).

29 **Sec. 37.15.910. Bond terms.** (a) The bonds may be issued and sold at public  
30 or negotiated sale in the manner, in the amounts or series, and at the time or times that  
31 the committee determines. The bonds, or each series of them, shall be sold at the price

1 and upon the terms, conditions, and covenants set by the committee after considering  
2 market conditions. Interest rates may be fixed or variable.

3 (b) The bonds mature at the time or times fixed by the committee. The bonds  
4 may be subject to redemption before their fixed maturities, as determined by the  
5 committee, with or without a premium or premiums. The bonds may be in  
6 denominations determined by the committee; may be issued in fully or partially  
7 registered form; must be payable as to principal and interest at the place or places  
8 determined by the committee; must be signed on behalf of the state in the manner  
9 provided by the committee; and must be issued under and subject to the terms,  
10 conditions, covenants, and protective features safeguarding payment of the bonds as  
11 found necessary by the committee.

12 (c) If the committee finds it reasonably necessary, the committee may select a  
13 trustee or trustees for the holders of the bonds, or any series of them, for the  
14 safeguarding and disbursement of any of the money in the bond redemption fund or  
15 for duties with respect to the enforcement, authentication, delivery, payment, and  
16 registration of the bonds as the committee may determine. The committee shall fix the  
17 rights, duties, powers, and obligations of the trustee or trustees.

18 (d) In its determination of all matters and questions relating to the issuance  
19 and sale of the bonds and the fixing of their maturities, terms, conditions, and  
20 covenants as provided in (a) of this section, the decisions of the committee shall be  
21 those that are reasonably necessary for the best interests of the state and its inhabitants  
22 and that will accomplish the most advantageous sale of the bonds. Decisions of the  
23 committee, as expressed in a bond resolution, are final and are conclusively  
24 considered to comply with the requirements of AS 37.15.900 - 37.15.955.

25 **Sec. 37.15.915. Bond resolution.** The committee shall authorize the issuance  
26 of bonds by adopting a resolution and shall prepare all other documents and  
27 proceedings necessary for the issuance, sale, and delivery of the bonds or any part or  
28 series of them. The bond resolution must fix the principal amount, denominations,  
29 date, maturities, manner of sale, place or places of payment, rights of redemption, if  
30 any, terms, form, conditions, and covenants of the bonds or each series of them.

31 **Sec. 37.15.920. Enforcement by bond owner.** (a) The owner or owners of not

1 less than 10 percent of the aggregate principal amount of any series or issue of bonds  
2 or the trustee for the owners of the bonds or any series of them may, by appropriate  
3 proceedings in state court, require and compel the transfer, setting aside, and payment  
4 of money and the enforcement of all of the terms, conditions, and covenants as  
5 required and provided in AS 37.15.900 - 37.15.955, as appropriate, and the bond  
6 resolution.

7 (b) A proceeding under (a) of this section may be commenced and conducted  
8 only in the Superior Court for the State of Alaska, First Judicial District at Juneau.

9 **Sec. 37.15.925. Amounts required for payments.** The committee shall,  
10 before June 30 of each year or from time to time within the year, as appropriate,  
11 commencing with the year in which the bonds are issued, certify to the commissioner  
12 of revenue and the commissioner of administration the amounts required in the current  
13 fiscal year and the next ensuing fiscal year by the bond resolution or resolutions to be  
14 paid from the general fund into the bond redemption fund and to be paid into and  
15 maintained in any reserve fund or account or other fund or account created by the  
16 bond resolution or resolutions, and shall also certify to the commissioners the last date  
17 or dates upon which payments may be made.

18 **Sec. 37.15.930. Purposes and sufficiency of revenue.** The proceeds of bonds  
19 may be used for the purposes described in AS 37.15.900(a), as appropriate. Bonds  
20 may not be issued unless the committee first finds that the actuarially assumed rate of  
21 return on the funds managed by the Alaska Retirement Management Board is  
22 projected to exceed the true interest cost to be paid on the bonds by at least 1.5 percent  
23 annually.

24 **Sec. 37.15.935. Refunding.** (a) The committee may refund the bonds or any  
25 part of them at or before their maturities or redemption dates by the issuance of  
26 refunding bonds of the state if, in the opinion of the committee, refunding is  
27 advantageous to and in the best interest of the state and its inhabitants.

28 (b) The issuance of refunding bonds need not be authorized by the voters of  
29 the state or by an act of the legislature. The committee shall adopt the resolution or  
30 resolutions and prepare all other documents and proceedings necessary for the  
31 issuance, exchange or sale, and delivery of the refunding bonds. All provisions of

1 AS 37.15.900 - 37.15.955 are applicable to the refunding bonds and to the issuance,  
2 sale, or exchange of them, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount sufficient to provide  
4 money for the advance or current refunding of all bonds to be refunded and interest on  
5 the refunded bonds and, in addition, for the payment of all costs of issuance and  
6 administration of the refunding bonds. These expenses also include the difference in  
7 amount between the par value of the refunding bonds and any amount less than par for  
8 which the refunding bonds are sold; the premium, if any, necessary to be paid in order  
9 to call or retire the outstanding bonds and the interest accruing on them to date of the  
10 call or retirement; and other such costs. The committee is authorized to incur expenses  
11 to carry out this section.

12 (d) The committee may contract with a refunding trustee to hold the proceeds  
13 of refunding bonds in trust until the proceeds, together with earnings on the proceeds,  
14 are applied to pay the principal of, premium, if any, and interest on the bonds to be  
15 refunded. Until the refunding bond proceeds are applied, the proceeds may be invested  
16 in direct obligations of, or obligations guaranteed by, the United States or an agency or  
17 corporation of the United States whose obligations constitute direct obligations of, or  
18 obligations guaranteed by the United States.

19 **Sec. 37.15.940. Bonds as legal investments.** The bonds are legal investments  
20 for all banks, trust companies, savings banks, savings and loan associations, and other  
21 persons carrying on a banking business, all insurance companies and other persons  
22 carrying on an insurance business, and all executors, administrators, trustees, and other  
23 fiduciaries. The bonds may be accepted as security for deposits of all money of the  
24 state and its political subdivisions.

25 **Sec. 37.15.945. Statutory construction.** AS 37.15.900 - 37.15.955 shall be  
26 liberally construed in order to carry out the purposes for which they were enacted.

27 **Sec. 37.15.950. Regulations.** The committee may adopt regulations necessary  
28 to implement the provisions of AS 37.15.900 - 37.15.955.

29 **Sec. 37.15.955. Definitions.** In AS 37.15.900 - 37.15.955,

30 (1) "bond redemption fund" means the pension obligation bond  
31 redemption fund established in AS 37.15.905;

1 (2) "bond resolution" means a resolution or resolutions adopted by the  
2 committee under AS 37.15.915 authorizing the issuance of bonds;

3 (3) "bonds" means the pension obligation bonds authorized in  
4 AS 37.15.900 - 37.15.955;

5 (4) "committee" means the state bond committee created in  
6 AS 37.15.110 or any other committee, body, department, or officer of the state that  
7 succeeds to the rights, powers, duties, and obligations of the state bond committee by  
8 law;

9 (5) "costs of issuance and administration" means all costs associated  
10 with issuance and administration of pension obligation bonds and refunding bonds,  
11 including costs of bond printing, official statements, financial advisors, travel costs,  
12 rating agencies, bond insurance, letters and lines of credit for credit enhancement,  
13 underwriters, legal services, paying agents, bond registrars, bond and escrow trustees,  
14 arbitrage rebate, and all other costs, including administrative costs, both direct and  
15 indirect.

16 \* **Sec. 9.** AS 37 is amended by adding a new chapter to read:

17 **Chapter 16. Alaska Pension Obligation Bond Corporation.**

18 **Sec. 37.16.010. Alaska Pension Obligation Bond Corporation.** There is  
19 established the Alaska Pension Obligation Bond Corporation. The corporation is a  
20 public corporation and government instrumentality in the Department of Revenue  
21 managed by a board of directors. The purpose of the corporation is to finance  
22 prepayment of all or a portion of a governmental employer's share of unfunded  
23 accrued actuarial liability of retirement systems.

24 **Sec. 37.16.020. Board of directors.** The directors of the corporation are the  
25 commissioner of commerce, community, and economic development, the  
26 commissioner of administration, and the commissioner of revenue. If a director is  
27 absent or otherwise unable to act, the director's designee in the department shall act as  
28 a director of the corporation in the director's place.

29 **Sec. 37.16.030. Bond authorization.** (a) For purposes of financing  
30 prepayment of all or a portion of a governmental employer's share of unfunded  
31 accrued actuarial liability of retirement systems, including the costs of issuance and

1 administration, the issuance and sale of bonds by the corporation is authorized as  
 2 provided in this section and AS 37.16.040 - 37.16.900. The net proceeds of the sale of  
 3 the bonds remaining after payment of costs of issuance and administration shall be  
 4 transferred to the commissioner of administration for the account of the governmental  
 5 employer whose share of unfunded accrued actuarial liability is to be prepaid for  
 6 application to that liability. Accrued interest paid on the bonds shall be paid into the  
 7 reserve fund.

8 (b) The total unpaid principal amount of bonds, including refunding bonds,  
 9 but excluding refunded bonds, may not exceed \$5,000,000,000. The bonds do not  
 10 constitute a general obligation of the state. Authorization by the votes of the state or  
 11 the legislature is not required.

12 (c) The corporation may enter into agreements with other state agencies as  
 13 necessary or convenient to implement this section and AS 37.16.040 - 37.16.900.

14 (d) The corporation may contract for the services of underwriters, paying  
 15 agents, trustees, bond printers, rating agencies, bond insurance, credit enhancement  
 16 providers, accountants, financial advisors, and bond counsel, and other services as are  
 17 necessary to accomplish the bond issuance and sale.

18 **Sec. 37.16.040. Reserve fund.** (a) The corporation may establish and maintain  
 19 a special fund called the Alaska Pension Obligation Bond Corporation reserve fund in  
 20 which there shall be deposited or transferred

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

23 (2) all proceeds of bonds required to be deposited in the fund by terms  
 24 of a contract between the corporation and its bondholders or a resolution of the  
 25 corporation with respect to the proceeds of bonds;

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

28 (4) any other money or funds of the corporation that it decides to  
 29 deposit in the fund.

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 of the corporation as the interest and principal become due and payable to the  
2 retirement of bonds, or to the payment or prepayment of a portion of the participating  
3 governmental employer's share of the accrued actuarial liabilities of retirement  
4 systems. Money may not be withdrawn if a withdrawal would reduce the amount in  
5 the reserve fund to an amount less than the required debt service reserve except for  
6 payment of interest then due and payable on bonds and the principal of bonds then  
7 maturing and payable and for the retirement of bonds in accordance with the terms of  
8 a contract between the corporation and its bondholders and for which payments of  
9 other money of the corporation is not then available.

10 (c) Money in the reserve fund in excess of the required debt service reserve as  
11 defined in (b) of this section, whether by reason of investment or otherwise, may be  
12 withdrawn at any time by the corporation to pay or prepay a portion of participating  
13 governmental employer's share of the accrued actuarial liabilities of retirement  
14 systems or transferred to another fund or account of the corporation subject to the  
15 provision of (h) of this section.

16 (d) Money in the reserve fund may be invested in the same manner and on the  
17 same conditions as permitted for investment of funds belonging to the state or held in  
18 the treasury under AS 37.10.070; however, the corporation may agree with the  
19 bondholders to further limit these investments.

20 (e) For purposes of valuation, investments in the reserve fund shall be valued  
21 at par or, if purchased at less than par, at cost unless otherwise provided by resolution  
22 of the corporation. Valuation on a particular date shall include the amount of interest  
23 then earned or accrued to that date on the money or investments in the reserve fund.

24 (f) Notwithstanding any other provision of AS 37.16.010 - 37.16.900, bonds  
25 may not be issued by the corporation unless there is in the reserve fund the required  
26 debt service reserve for all bonds then issued and outstanding and for the bonds to be  
27 issued; however, the corporation may satisfy this requirement by depositing as much  
28 of the proceeds of the bonds to be issued, upon their issuance, as is needed to meet the  
29 required debt service reserve. The corporation may at any time issue its bonds or notes  
30 for the purpose of increasing the amount in the reserve fund to the required debt  
31 service reserve, or to meet whatever higher or additional reserve that may be fixed by

1 the corporation with respect to the fund.

2 (g) In order to assure the maintenance of the required debt service reserve in  
3 the reserve fund, the legislature may appropriate annually to the corporation for  
4 deposit in the fund the sum, certified by the chair of the corporation to the governor  
5 and to the legislature, that is necessary to restore the fund to an amount equal to the  
6 required debt service reserve. The chair annually, before January 30, shall make and  
7 deliver to the governor and to the legislature a certificate stating the sum required to  
8 restore the fund to that amount, and the certified sum may be appropriated and paid to  
9 the corporation during the then current state fiscal year. Nothing in this subsection  
10 creates a debt or liability of the state.

11 (h) All amounts received on account of money appropriated to the reserve  
12 fund shall be held and applied in accordance with (b) of this section.

13 (i) All references to the reserve fund in this section include special accounts  
14 within the reserve fund that may be created by the corporation to secure the payment  
15 of particular bonds.

16 (j) The commissioner of revenue may, subject to appropriation, lend surplus  
17 money in the general fund to the corporation for deposit to any account in the reserve  
18 fund in an amount equal to the required debt service reserve. The loans shall be made  
19 on the terms and conditions that may be agreed upon by the commissioner of revenue  
20 and the corporation, including, without limitation, terms and conditions providing that  
21 the loans need not be repaid until the obligations of the corporation secured and to be  
22 secured by the account in the reserve fund are no longer outstanding.

23 (k) In this section, "required debt service reserve" means, as of the date of  
24 computation, the amount required to be on deposit in the reserve fund as provided by  
25 resolution of the corporation.

26 **Sec. 37.16.050. Bond terms.** (a) The bonds may be issued and sold at public  
27 or negotiated sale in the manner, in the amounts or series, and at the time or times that  
28 the corporation determines the bonds, or each series of them, shall be sold at the price  
29 and upon the terms, conditions, and covenants set by the corporation after considering  
30 market conditions. Interest rates may be fixed or variable.

31 (b) The bonds mature at the time or times fixed by the corporation. The bonds

1 may be subject to redemption before their fixed maturities, as determined by the  
 2 corporation, with or without a premium or premiums. The bonds may be in  
 3 denominations determined by the corporation; may be issued in fully or partially  
 4 registered form; must be payable as to principal and interest at the place or places  
 5 determined by the corporation; must be signed in the manner provided by the  
 6 corporation; and must be issued under and subject to the terms, conditions, covenants,  
 7 and protective features safeguarding payment of the bonds as found necessary by the  
 8 corporation.

9 (c) If the corporation finds it reasonably necessary, the corporation may select  
 10 a trustee or trustees for the holders of the bonds, or any series of them, for the  
 11 safeguarding and disbursement of any of the money in the bond reserve fund or for  
 12 duties with respect to the enforcement, authentication, delivery, payment, and  
 13 registration of the bonds as the corporation may determine. The corporation shall fix  
 14 the rights, duties, powers and obligations of the trustee or trustees.

15 (d) In its determination of all matters and questions relating to the issuance  
 16 and sale of the bonds and the fixing of their maturities, terms, conditions, and  
 17 covenants as provided in (a) of this section, the decisions of the corporation shall be  
 18 those that are reasonably necessary for the best interests of the state and its inhabitants  
 19 and that will accomplish the most advantageous sale of the bonds. Decisions of the  
 20 corporation, as expressed in a bond resolution, are final and are conclusively  
 21 considered to comply with the requirements of AS 37.16.010 - 37.16.900.

22 **Sec. 37.16.060. Bond resolution.** The corporation shall authorize the issuance  
 23 of bonds by adopting a resolution and shall prepare all other documents and  
 24 proceedings necessary for the issuance, sale, and delivery of the bonds or any part or  
 25 series of them. The bond resolution must fix the principal amount, denominations,  
 26 date, maturities, manner of sale, place or places of payment, rights of redemption, if  
 27 any, terms, form, conditions, and covenants of the bonds or each series of them.

28 **Sec. 37.16.070. Enforcement by bond owner.** (a) The owner or owners of not  
 29 less than 10 percent of the aggregate principal amount of any series or issue of bonds  
 30 or the trustee for the owners of the bonds or any series of them may, by appropriate  
 31 proceedings in state court, require and compel the transfer, setting aside, and payment

1 of money and the enforcement of all of the terms, conditions, and covenants as  
2 required and provided in AS 37.16.010 - 37.16.900, as appropriate, and the bond  
3 resolution.

4 (b) A proceeding under (a) of this section may be commenced and conducted  
5 only in the Superior Court for the State of Alaska, First Judicial District at Juneau.

6 **Sec. 37.16.080. Purposes and sufficiency of revenue.** The proceeds of bonds  
7 may be used for the purposes described in AS 37.16.030(a), as appropriate. Bonds  
8 may not be issued unless the corporation first finds that the actuarially assumed rate of  
9 return on the funds managed by the Alaska Retirement Management Board is  
10 projected to exceed the true interest cost to be paid on the bonds by at least 1.5 percent  
11 annually.

12 **Sec. 37.16.090. Refunding.** (a) The corporation may refund the bonds or any  
13 part of them at or before their maturities or redemption dates by the issuance of  
14 refunding bonds of the corporation if, in the opinion of the corporation, refunding is  
15 advantageous to and in the best interest of the state and its inhabitants.

16 (b) The issuance of refunding bonds need not be authorized by the voters of  
17 the state or by an act of the legislature. The corporation shall adopt the resolution or  
18 resolutions and prepare all other documents and proceedings necessary for the  
19 issuance, exchange or sale, and delivery of the refunding bonds. All provisions of  
20 AS 37.16.010 - 37.16.900 are applicable to the refunding bonds and to the issuance,  
21 sale, or exchange of them, except as otherwise provided in this section.

22 (c) Refunding bonds may be issued in a principal amount sufficient to provide  
23 money for the advance or current refunding of all bonds to be refunded and interest on  
24 the refunded bonds and, in addition, for the payment of all costs of issuance and  
25 administration of the refunding bonds. These expenses also include the difference in  
26 amount between the par value of the refunding bonds and any amount less than par for  
27 which the refunding bonds are sold; the premium, if any, necessary to be paid in order  
28 to call or retire the outstanding bonds and the interests accruing on them to date of the  
29 call or retirement; and other of these costs. The corporation is authorized to incur  
30 expenses to carry out this section.

31 (d) The corporation may contract with a refunding trustee to hold the proceeds

1 of refunding bonds in trust until the proceeds, together with earnings on the proceeds,  
 2 are applied to pay the principal of premium, if any, and interest on the bonds to be  
 3 refunded. Until the refunding bond proceeds are applied, the proceeds may be invested  
 4 in direct obligations of, or obligations guaranteed by, the United States of an agency or  
 5 corporation of the United States whose obligations constitute direct obligations of, or  
 6 obligations guaranteed by the United States.

7 **Sec. 37.16.100. Bonds as legal investments.** The bonds are legal investments  
 8 for all banks, trust companies, savings banks, savings and loan associations, and other  
 9 persons carrying on a banking business, all insurance companies and other persons  
 10 carrying on an insurance business, and all executors, administrators, trustees, and other  
 11 fiduciaries. The bonds may be accepted as security for deposits of all money of the  
 12 state and its political subdivisions.

13 **Sec. 37.16.110. Debt service repayment contracts.** The corporation shall  
 14 enter into contracts with governmental employers for the purpose of recouping  
 15 amounts paid as debt service on bonds issued by the corporation for the benefit of  
 16 governmental employers. The corporation may pledge the revenue of the contracts as  
 17 security for the bonds issued by the corporation.

18 **Sec. 37.16.800. Statutory construction.** AS 37.16.010 - 37.16.900 shall be  
 19 liberally construed in order to carry out the purposes for which they were enacted.

20 **Sec. 37.16.810. Regulations.** The corporation may adopt regulations necessary  
 21 to implement the provisions of AS 37.16.010 - 37.16.900.

22 **Sec. 37.16.900. Definitions.** In AS 37.16.010 - 37.16.900,

23 (1) "bond resolution" means the resolution or resolutions adopted by  
 24 the corporation under AS 37.16.060 authorizing the issuance of bonds;

25 (2) "bonds" means the pensions obligation bonds authorized in  
 26 AS 37.16.010 - 37.16.900;

27 (3) "corporation" means the Alaska Pension Obligation Bond  
 28 Corporation created in AS 37.16.010;

29 (4) "costs of issuance and administration" means all costs associated  
 30 with issuance and administration of pension obligation bonds and refunding bonds,  
 31 including costs of bond printing, official statements, financial advisors, travel costs,

1 rating agencies, bond insurance, letters and lines of credit for credit enhancement,  
 2 underwriters, legal services, paying agents, bonds registrars, bond and escrow trustees,  
 3 arbitrage rebate, and all other costs, including administrative costs, both direct and  
 4 indirect;

5 (5) "reserve fund" means the Alaska Pension Obligation Bond  
 6 Corporation reserve fund established in AS 37.16.040.

7 \* **Sec. 10.** AS 39.35.100(b)(3) is amended to read:

8 (3) A separate account for each employer shall be maintained. The  
 9 account shall be credited with contributions **made by or on behalf** of the employer.  
 10 **Except as provided in AS 39.35.270(d), this** [THIS] account shall be charged with  
 11 the employer's actuarial charge for pension, death benefits, and other benefits paid  
 12 under this plan to or on behalf of the employee of the employer. **Except as provided**  
 13 **in AS 39.35.270(d), after** [AFTER] an allowance for interest credited to employee  
 14 contribution accounts and employee savings accounts, the investment income of the  
 15 pension fund shall be allocated to the retirement reserve account and to each employer  
 16 asset share account according to the ratio that the average of the assets in the account  
 17 as of the beginning and as of the end of the fiscal year bears to the total of the average  
 18 balance of the retirement reserve account and all employer accounts.

19 \* **Sec. 11.** AS 39.35.100(b)(4) is amended to read:

20 (4) An expense account shall be maintained for the plan. **Except as**  
 21 **provided in AS 39.35.270(d), this** [THIS] account shall be charged with all  
 22 disbursements representing administrative expenses incurred by the plan. At the end of  
 23 the year, the expense account shall be allocated to each employer in accordance with  
 24 (3) of this subsection. Expenditures from this account shall be included in the  
 25 governor's budget for each fiscal year and are subject to approval by the legislature.

26 \* **Sec. 12.** AS 39.35.270 is amended by adding new subsections to read:

27 (d) All or a portion of the employer's share of any accrued actuarial liability to  
 28 the plan may be prepaid in a lump sum. The commissioner may, by regulation,  
 29 establish a minimum amount for the lump sum payment of a portion. The  
 30 commissioner shall charge to the employer appropriate and reasonable costs to the  
 31 plan attributable to a lump sum payment that are not greater than administrative costs

1 applied to other employer contributions. If a lump sum payment is made, the payment  
 2 shall be accounted for separately in accordance with regulations adopted by the  
 3 commissioner. The regulations must provide for crediting to each lump sum payment  
 4 account all earnings and losses received from investment of that payment. The lump  
 5 sum payment shall be used solely to offset contributions under this section required of  
 6 the employer that made the payment or on whose behalf the payment was made,  
 7 taking into account earnings and losses from its investment. A lump sum payment  
 8 made by or on behalf of an employer under this subsection, together with all earnings  
 9 and losses from investment of that payment, may not be considered in calculating that  
 10 employer's share of any discretionary payment authorized by the state that benefits  
 11 multiple employers.

12 (e) If all or a portion of the employer's share of any accrued actuarial liability  
 13 to the plan is prepaid in a lump sum under (d) of this section, the administrator shall  
 14 calculate a revised employer contribution rate for that employer in recognition of that  
 15 prepayment not more than 30 days following the prepayment.

16 \* **Sec. 13.** AS 44.85.010 is amended to read:

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

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

26 (2) [TO] encourage municipalities to continue their independent  
 27 undertakings and financing of capital improvements and other authorized purposes  
 28 and to assist them by making capital funds available at reduced interest costs for  
 29 orderly financing of capital improvements and other purposes especially during  
 30 periods of restricted credit or money supply, particularly for those municipalities not  
 31 otherwise able to borrow for capital needs;

1 (3) [TO] assist municipalities to provide for adequate insurance  
 2 coverage by authorizing the Alaska Municipal Bond Bank Authority to issue  
 3 negotiable or nonnegotiable revenue bonds, notes, or certificates of participation either  
 4 directly or through an entity it may create for the purpose of providing a self-insurance  
 5 program for municipalities or municipal joint insurance arrangements organized under  
 6 AS 21.76;

7 **(4) assist governmental employers to prepay all or a portion of**  
 8 **their share of unfunded accrued actuarial liabilities of retirement systems in an**  
 9 **effort to reduce their costs of satisfying their contractual obligations to provide**  
 10 **retirement and other benefits to public employees through the issuance of bonds,**  
 11 **notes, commercial paper, or other obligations by the bond bank authority or by a**  
 12 **subsidiary corporation created by the bond bank authority under AS 44.85.085.**

13 (b) The legislature further declares that

14 (1) the exercise of the powers of the state in the interest of its  
 15 municipalities **and in the interest of public employees of the state and of its**  
 16 **municipalities** is required to further and implement the policies declared in (a) of this  
 17 section by authorizing the creation of a state bond bank authority as a body corporate  
 18 and politic that will have full powers to borrow money and to issue its bonds and notes  
 19 to make capital funds available for borrowing by municipalities **and for borrowing**  
 20 **by or on behalf of governmental employers, by authorizing governmental**  
 21 **employers to contract with the bond bank authority or with a subsidiary created**  
 22 **under AS 44.85.085 for the purpose of reducing future costs of providing**  
 23 **retirement and other benefits to employees,** and by granting broad powers to the  
 24 bond bank authority to carry out the declared policies, which are in the public interest  
 25 of the state and its taxpayers and residents;

26 (2) state funds should be applied or authorized to be paid to a state  
 27 bond bank authority only to provide adequate assurance and security to the holders of  
 28 the bonds or notes of the bond bank authority;

29 (3) the bond bank authority should conduct its operations to provide  
 30 the lowest rates in terms of borrowing to municipalities as is consistent with a self-  
 31 supporting operation with no expectation of subsidization with state funds; the

1 legislature does not intend that the bond bank authority be utilized as a means to  
 2 finance municipalities beyond their capability to meet repayment schedules and debt  
 3 service requirements of bonds or notes;

4 **(4) the bond bank authority or its subsidiary should conduct its**  
 5 **operations to provide the lowest rates in terms of borrowing to governmental**  
 6 **employers under AS 44.85.085 and 44.85.086 as is consistent with a self-**  
 7 **supporting operation with no expectation of subsidization with state funds; the**  
 8 **legislature does not intend that the bond bank authority or its subsidiary be**  
 9 **utilized as a means to finance governmental employers under AS 44.85.085 and**  
 10 **44.85.086 beyond their capability to meet repayment schedules and debt service**  
 11 **requirements of bonds, notes, commercial paper, or other obligations to the bond**  
 12 **bank authority or its subsidiary.**

13 \* **Sec. 14.** AS 44.85.080 is amended to read:

14 **Sec. 44.85.080. Powers of bond bank authority.** The bond bank authority  
 15 may

- 16 (1) sue and be sued;
- 17 (2) adopt and alter an official seal;
- 18 (3) make and enforce bylaws and regulations for the conduct of its  
 19 business and for the use of its services and facilities;
- 20 (4) maintain an office at any place in the state;
- 21 (5) acquire, hold, use, and dispose of its income, revenues, funds, and  
 22 money;
- 23 (6) acquire, rent, lease, hold, use, and dispose of other personal  
 24 property for its purposes;
- 25 (7) subject to AS 44.85.100(b), borrow money and issue its negotiable  
 26 bonds or notes and provide for and secure their payment, provide for the rights of their  
 27 holders, and purchase, hold, and dispose of any of its bonds or notes;
- 28 (8) fix and revise from time to time and charge and collect fees and  
 29 charges for the use of its services or facilities;
- 30 (9) accept gifts or grants from the United States, or from any  
 31 governmental unit or person, firm, or corporation, carry out the terms or provisions or

1 make agreements with respect to the gifts or grants, and do all things necessary,  
2 useful, desirable, or convenient in connection with procuring, accepting, or disposing  
3 of the gifts or grants;

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

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

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

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

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

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

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

29 (17) fix and establish terms and provisions with respect to a purchase  
30 of municipal bonds by the bond bank authority, including date and maturities of the  
31 bonds, provisions as to redemption or payment before maturity, and any other matters

1 **that** [WHICH] in connection with the purchase are necessary, desirable, or advisable  
2 in the judgment of the bond bank authority;

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

5 (19) to the extent permitted under its contracts with the holders of  
6 bonds or notes of the bond bank authority, consent to modification of the rate of  
7 interest, time and payment of installment of principal or interest, security or any other  
8 term of a bond or note, contract or agreement of any kind to which the bond bank  
9 authority is a party;

10 (20) by regulation, create a new entity **or new entities** for the purpose  
11 of issuing negotiable or nonnegotiable revenue bonds, notes, or certificates of  
12 participation to finance a self-insurance program for municipalities or municipal joint  
13 insurance arrangements organized under AS 21.76 **or to provide assistance to**  
14 **governmental employers under AS 44.85.085(a)**; the powers, duties, and  
15 membership of the new entity **or entities** shall be limited to the powers, duties, and  
16 membership of the authority and stated in the regulation; the new entity **or entities**  
17 shall **each** be a public corporation and an instrumentality of the state with the same  
18 legal existence and continuing succession as the bond bank authority; and

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

21 \* **Sec. 15.** AS 44.85 is amended by adding new sections to read:

22 **Sec. 44.85.085. Creation of subsidiary corporation.** (a) The bond bank  
23 authority may create one or more subsidiary corporations for the following purposes:

24 (1) providing financial and other assistance to governmental employers  
25 to enable the governmental employers to reduce their costs of providing retirement  
26 and other benefits to their employees by prepaying all or a portion of their shares of  
27 the unfunded accrued actuarial liabilities of retirement systems;

28 (2) receiving payments and providing servicing for payments to or  
29 from participating governmental employers; and

30 (3) performing other duties and providing other services as the  
31 subsidiary corporation considers necessary or desirable to further the purposes set out

1 in (1) and (2) of this subsection.

2 (b) The bond bank authority may incorporate under AS 10.20.146 - 10.20.166  
3 a subsidiary corporation created under (a) of this section. The bond bank authority  
4 may transfer assets of the bond bank authority to the subsidiary corporation and may  
5 agree to secure bonds, notes, commercial paper, or other obligations of the subsidiary  
6 corporation with a reserve fund established under AS 44.85.270.

7 (c) A subsidiary corporation created under (a) of this section may borrow  
8 money and issue bonds, notes, commercial paper, or other obligations as evidence of  
9 that borrowing and may have all the powers of the bond bank authority that the bond  
10 bank authority grants to it. The provisions of AS 44.85.130 - 44.85.170 and 44.85.270  
11 - 44.85.390 apply to the subsidiary corporation and to bonds, notes, commercial paper,  
12 or other obligations issued by the subsidiary corporation. Unless otherwise provided  
13 by the bond bank authority, the debts, liabilities, and obligations of the subsidiary  
14 corporation are not the debts, liabilities, or obligations of the bond bank authority.

15 (d) The staff of the bond bank authority serves as staff of a subsidiary  
16 corporation created under (a) of this section. The bond bank authority shall determine  
17 the membership or the process for selecting the membership of the board of directors  
18 of the subsidiary corporation. The bond bank authority may permit some or all of its  
19 directors to serve on the board of directors of the subsidiary corporation.

20 **Sec. 44.85.086. Powers of subsidiary corporation.** A subsidiary corporation  
21 created under AS 44.85.085 has the following powers in addition those granted to it  
22 under AS 44.85.085(c):

23 (1) to make loans to and enter into contracts with governmental  
24 employers;

25 (2) to incur debt in furtherance of its purposes in the form of bonds,  
26 notes, commercial paper, or other obligations as the subsidiary corporation considers  
27 appropriate;

28 (3) to secure its debt with a pledge of any assets that are available to  
29 the subsidiary corporation for the purpose, including identified revenue and  
30 contractual payments from participating governmental employers, and the general  
31 assets and revenue of the subsidiary corporation; and

1 (4) to enter into contracts with underwriters, bond counsel, financial  
 2 advisors, accountants, actuaries, and other contractors to provide assistance as the  
 3 subsidiary corporation considers desirable to accomplish its purposes.

4 \* **Sec. 16.** AS 44.85.100(b) is amended to read:

5 (b) The bond bank authority shall include in the report required by (a) of this  
 6 section an estimate of the amount of revenue bonds of the bond bank authority to be  
 7 issued during the fiscal year following the fiscal year in which the report is submitted.

8 **Other than refunding bonds and other than bonds, notes, commercial paper, or**  
 9 **other obligations issued under AS 44.85.086 and 44.85.180(a)(5), the** [THE] bond  
 10 bank authority may not issue revenue bonds [, OTHER THAN REFUNDING  
 11 BONDS,] in excess of \$75,000,000 during any fiscal year beginning after June 30,  
 12 1981, unless the legislature, by law, approves the estimate required by this subsection  
 13 for that fiscal year.

14 \* **Sec. 17.** AS 44.85.180(a) is amended to read:

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

18 (1) the purchase of municipal bonds;

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

23 (3) the payment, funding, or refunding of the principal of, or interest or  
 24 redemption premiums on, bonds or notes issued by it whether the bonds or notes or  
 25 interest to be funded or refunded have or have not become due;

26 (4) the establishment or increase of reserves to secure or to pay bonds  
 27 or notes or interest on bonds or notes and all other costs or expenses of the bond bank  
 28 authority incident to and necessary or convenient to carry out its corporate purposes  
 29 and powers;

30 **(5) assisting governmental employers to prepay all or a portion of**  
 31 **their share of the unfunded accrued actuarial liabilities of retirement systems,**

1           **with security as the bond bank authority considers reasonable.**

2       \* **Sec. 18.** AS 44.85.180(c) is amended to read:

3           (c) Notwithstanding the provisions of (a) and (b) of this section, the total  
4           amount of bond bank authority bonds and notes outstanding at any one time [,  
5           EXCEPT BONDS OR NOTES ISSUED TO FUND OR REFUND BONDS OR  
6           NOTES,] may not exceed \$750,000,000. **This subsection does not apply to (1)**  
7           **bonds or notes issued to fund or refund bonds or notes; (2) bonds, notes,**  
8           **commercial paper, and other obligations issued under AS 44.85.086 or**  
9           **44.85.180(a)(5).**

10       \* **Sec. 19.** AS 44.85.410 is amended by adding a new paragraph to read:

11           (8) "governmental employer" means the State of Alaska or a  
12           municipality or other state or municipal governmental entity within the state, including  
13           an agency, instrumentality, district, school district, public corporation, department,  
14           division, or other subdivision of the state or of a municipality, in its capacity as an  
15           employer.

16       \* **Sec. 20.** This Act takes effect immediately under AS 01.10.070(c).