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Referred: Health, Welfare
and Education and Finance

1 IN THE HOUSE

BY STEVENS AND SASSARA

2 HOUSE BILL NO. 630

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act to incorporate the Alaska Higher Assistance
7 Corporation; and providing for an effective date."

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

9 * Section 1. ALASKA HIGHER EDUCATION ASSISTANCE CORPORATION. Eleven
10 persons designated by the governor, and their successors and assigns, are
11 constituted a nonprofit corporation under the name of Alaska Higher Education
12 Assistance Corporation. The corporation shall have the power to make, amend
13 and repeal bylaws necessary or appropriate to carry on the management of
14 the corporation consistent with this charter and with the laws of the state,
15 and to elect officers it considers necessary to effectuate its corporate
16 purposes, and shall have all the powers, privileges and immunities conferred
17 on nonprofit corporations in AS 10.20, and shall be subject to the provi-
18 sions of AS 10.20.

19 * Sec. 2. PLACE OF BUSINESS. The principal office and place of business
20 of the corporation shall be located in Juneau.

21 * Sec. 3. PURPOSE OF THE CORPORATION. The purpose of the corporation
22 is to assist students to fulfill a program of higher education.

23 * Sec. 4. POWERS. In furtherance of its purpose and in addition to the
24 powers conferred on nonprofit corporations by the provisions of AS 10.20,
25 the corporation shall have the following powers:

26 (1) to raise money by the issue of not more than 1,000 shares of
27 nonvoting capital stock of the par value of \$100 each to members, and to
28 issue for borrowing, its bonds, debentures, notes or other evidences of
29 indebtedness, whether secured or unsecured, and to secure them by mortgage,

1 pledge, deed of trust or other lien on its property, franchises, rights and
2 privileges of every kind without securing member approval;

3 (2) to make loans to a student, his parent or guardian, or to
4 an approved educational institution, and to establish and regulate the
5 terms with respect to these loans and the charges for interest and service
6 connected with them; and

7 (3) to acquire, subscribe for, own, hold, sell, assign, transfer,
8 mortgage, pledge, or otherwise dispose of the stock, shares, bonds, de-
9 bentures, notes or other securities and evidences of interest in, or indebted-
10 ness of, any person, firm, corporation, joint stock company, association or
11 trust, and, while the owner or holder, exercise all the rights, powers and
12 privileges of ownership, including the right to vote.

13 * Sec. 5. BOARD OF DIRECTORS. The business of the corporation shall be
14 managed by a board of directors consisting of not less than nine nor more
15 than 25 members as shall be determined in the first instance by the in-
16 corporators and thereafter by the members and the stockholders of the
17 corporation. The board of directors shall be elected in the first instance
18 by the incorporators and thereafter at the annual meeting of the corporation
19 in each year or, if no annual meeting shall be held in any year at the time
20 fixed by the bylaws, at a special meeting held in lieu of the annual meet-
21 ing. At each annual meeting, or at each special meeting held in lieu of
22 the annual meeting, the members of the corporation shall have the right to
23 elect a majority of the board, and the stockholders shall have the right to
24 elect the remaining directors, but if there are no stockholders, the
25 members shall elect all the directors. The directors shall hold office
26 until the next annual meeting of the corporation after their election and
27 until their successors are elected and qualified unless sooner removed in
28 accordance with the provisions of the bylaws. A vacancy in the office of
29 a director shall be filled by the remaining directors. A director is not

1 responsible for losses unless occasioned by his willful default.

2 * Sec. 6. MEMBERSHIP IN THE CORPORATION. (a) A corporation, foreign
3 corporation authorized to do business in this state, financial institution,
4 qualified educational institution, partnership, and individual is eligible
5 for membership in the corporation upon terms, not inconsistent with the
6 provisions of this Act, the bylaws may provide.

7 (b) Membership in the corporation shall be requested by application
8 to the board of directors and shall become effective upon acceptance of
9 the application by the board. Members shall have no interest in the assets
10 of the corporation except as creditors.

11 (c) No member of the corporation is responsible for losses of the
12 corporation or liable for the payment of a sum of money or for damages or
13 otherwise on account of any contract or obligation of the corporation.

14 (d) Membership in the corporation shall be for the duration of the
15 corporation. However,

16 (1) upon written notice given to the corporation as provided in
17 the bylaws, a member may withdraw from membership in the corporation at the
18 expiration date of the notice; or

19 (2) if there is a legislative amendment to this charter which is
20 not approved by the members as provided for in sec. 8 of this Act within
21 60 days after the effective date of the amendment, a member voting against
22 the approval of the amendment may withdraw from membership upon giving
23 written notice to the corporation not later than 90 days from the effective
24 date of the amendment; or

25 (3) the board of directors may by affirmative vote of two-thirds
26 of its number terminate the membership of a member if in its discretion
27 such action is in the best interests of the corporation.

28 (e) The members of the corporation shall have the following powers of
29 the corporation:

1 (1) to determine the number of and elect directors as provided
2 in sec. 5;

3 (2) to make, amend and repeal bylaws;

4 (3) to amend this charter as provided in sec. 8 of this Act;

5 (4) to exercise other powers of the corporation conferred on the
6 members by the bylaws.

7 (f) All matters requiring action by the members of the corporation,
8 except as otherwise provided in this Act, require the affirmative vote of a
9 majority of the votes to which the members present or represented at the
10 meeting are entitled. Each member shall have one vote, in person or by
11 proxy.

12 (g) Notwithstanding a provision of law or a provision in their
13 respective charters, domestic corporations organized for the purpose of
14 carrying on business within this state, including a public utility are
15 authorized to make contributions or loans to the corporation, and shall
16 have power to acquire, hold, sell, assign, transfer, mortgage, pledge or
17 otherwise dispose of any bonds, securities or evidences of indebtedness
18 created by, or the shares of the capital stock of, this corporation, and
19 while owner of the stock to exercise all the rights, powers and privileges
20 of ownership, including the right to vote.

21 (h) The charters of all corporations are amended to the extent neces-
22 sary to authorize contributions or loans to the corporation, and to autho-
23 rize the purchase, sale, or other disposition of the bonds, securities, or
24 evidences of indebtedness created by, or the shares of the capital stock
25 of this corporation.

26 (i) All contributions to the corporation shall be deemed to be for a
27 charitable purpose and in the case of a franchise tax imposed by the state,
28 shall be deductible in computing the net taxable income whenever the
29 income is involved in the computation of said tax.

1 * Sec. 7. EXECUTIVE SECRETARY. The board of directors shall appoint a
2 professionally qualified person as executive secretary, who shall be the
3 chief executive officer for the corporation. The executive secretary
4 with the approval of the board of directors, may employ other persons
5 necessary to conduct the affairs of the corporation.

6 * Sec. 8. AMENDMENT PROCEDURE. (a) This charter may be amended
7 pursuant to the provisions of AS 10.20.050 by the votes of the stockholders
8 and the members of the corporation, voting separately by classes, and
9 amendments shall require approval

10 (1) by the same proportion of the votes to which each class of
11 the stockholders are entitled; and

12 (2) by two-thirds of the votes to which the members are entitled.

13 (b) No amendment to this charter which is inconsistent with the
14 general purposes expressed in it or which eliminates or curtails the right
15 of the Department of Commerce to examine and supervise the corporation as
16 provided in sec. 13 of this Act may be made without the authority of the
17 legislature.

18 * Sec. 9. ANNUAL REPORT. The corporation shall make an annual report
19 of its condition to its members and shall file a copy in the office of the
20 secretary of state.

21 * Sec. 10. DEPOSIT OF FUNDS. The corporation may not deposit any of its
22 funds in a banking institution unless the institution has been designated as
23 a depository by a vote of a majority of the directors present at an autho-
24 rized meeting of the board of directors, exclusive of any director who is an
25 officer or director of the depository so designated. The corporation may not
26 receive money on deposit.

27 * Sec. 11. TAX EXEMPT STATUS. The Alaska Higher Education Assistance
28 Corporation shall be exempt from taxation and its purposes and activities
29 shall be considered to be wholly charitable and benevolent.

1 * Sec. 12. CREDIT OF THE STATE. The credit of the state is not pledged
2 in this Act.

3 * Sec. 13. SUPERVISION AND EXAMINATION BY DEPARTMENT OF COMMERCE. The
4 corporation shall be subject to the examination and supervision of the
5 Department of Commerce and shall report its condition and furnish other
6 information from time to time as the department requires.

7 * Sec. 14. FIRST MEETING OF THE CORPORATION. (a) The first meeting
8 of the corporation shall be called by a notice signed by three or more of
9 the incorporators, stating the time, place and purpose of the meeting, a copy
10 of which notice shall be mailed or delivered to each incorporator at least
11 five days before the day appointed for the meeting. This first meeting may
12 be held without the notice upon agreement in writing to that effect signed
13 by all the incorporators. There shall be recorded in the minutes of the meet-
14 ing a copy of the notice or of the unanimous agreement of the incorporators.

15 (b) At the first meeting the corporation shall be organized, and other
16 matters within the powers of the corporation may be disposed of as the
17 incorporators see fit. Five of the incorporators shall be a quorum for the
18 transaction of business.

19 * Sec. 15. DEFINITIONS. In this Act

20 (1) "corporation" means the Alaska Higher Education Assistance
21 Corporation created by this Act;

22 (2) "financial institution" means a banking corporation or insti-
23 tution, mutual savings bank, trust company, national bank, insurance
24 company, or related corporation, partnership, foundation or other institu-
25 tion engaged primarily in leading or investing funds, and authorized
26 to do such business within this state;

27 (3) "institution of higher learning", "qualified institution"
28 or "institution" means an educational organization which provides an organized
29 course of instruction of at least two years' duration in the sciences,

1 liberal arts, professional or technical fields of study, at or above the
2 collegiate level, whether designed as a university, college, community
3 college, junior college, scientific or technical school, normal school, or
4 otherwise, which either

5 (A) is operated by the state, or

6 (B) is operated publicly or privately, not for profit,
7 and in the judgment of the corporation maintains academic standards
8 substantially equivalent to those of comparable institutions operated
9 by the state;

10 (4) "student" means a resident of Alaska who is enrolled in
11 satisfactory standing or accepted for enrollment at a qualified institution;

12 (5) "enrollment" means the establishment and maintenance of an
13 individual's status as a student in an institution of higher learning, re-
14 gardless of the terms used at the institution to describe such status;

15 (6) "directors" or "board of directors" means the board of
16 directors of the corporation created by this Act.

17 * Sec. 16. This Act takes effect on the day after its passage and
18 approval or on the day it becomes law without approval. If the corporation
19 fails to commence business within three years from the effective date of
20 this Act then the Act becomes void.
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