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For Today's Calendar

1 IN THE SENATE

BY THE RULES COMMITTEE

2 HOUSE CS FOR SENATE BILL NO. 126 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to planning for and development of the  
7 new Alaska capital, including incorporation of a new  
8 capital city; and providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 44 is amended by adding a new chapter to read:

11 CHAPTER 63. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

12 ARTICLE 1. FINDINGS.

13 Sec. 44.63.010. FINDINGS. (a) The legislature finds that it is  
14 in the best interests of the state to create a new capital city and a  
15 public corporation with the powers set out in this chapter to assure  
16 that

17 (1) the necessary governmental facilities at the new capital  
18 city area are constructed in a manner and in time to assure the effi-  
19 cient and orderly operation of state government;

20 (2) the necessary housing for the residents of the new capi-  
21 tal city area is available on a basis consistent with the schedule for  
22 transfer of the departments of government;

23 (3) the necessary public facilities are provided in time to  
24 accommodate the new residents of the capital city area and all citizens  
25 having business with state government, and in a manner to accommodate  
26 future growth of the area;

27 (4) due consideration is given to the social, economic and  
28 environmental aspects of the new capital city which affect the  
29 Matanuska-Susitna Borough and to the social, economic and environmental

1 conditions to prevail within the capital city area;

2 (5) the planning, design and construction of the governmental  
3 and public facilities, and residential housing proceed on a coordinated  
4 and expedited basis so that the departments of government can provide  
5 essential governmental functions for the health, safety and welfare of  
6 the citizens of the state at the capital city without interruption.

7 (b) It is further found to be in the best interests of the state  
8 to

9 (1) expand the purposes of the Alaska Housing Finance Cor-  
10 poration (AS 18.56) to make residents of the capital city area required  
11 to relocate with their jobs eligible for lower interest rate residential  
12 mortgage financing by the Alaska Housing Finance Corporation;

13 (2) provide funding through the Alaska State Housing Autho-  
14 rity (AS 18.55.010 - 18.55.290) for an adequate supply of housing for  
15 lower income residents of the capital city area;

16 (3) provide a means for funding the administrative and capi-  
17 tal costs associated with development of the new capital through loans  
18 from the general fund;

19 (4) assist the new capital city to issue bonds to pay the  
20 capital costs of the utilities and facilities to be transferred to it  
21 and other capital costs incurred by it by authorizing the creation of a  
22 special reserve account of the Alaska Municipal Bond Bank Authority (AS  
23 44.58) to secure bonds of the capital city.

24 ARTICLE 2. ESTABLISHMENT OF CORPORATION; POWERS.

25 Sec. 44.63.020. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

26 There is created the Alaska Capital City Development Corporation. The  
27 corporation is a public corporation and governmental instrumentality of  
28 the state within the Department of Community and Regional Affairs but  
29 has a legal existence independent of and separate from the state.

1 The exercise by the corporation of the powers conferred by this chapter  
2 is considered an essential governmental function of the state.

3 Sec. 44.63.030. BOARD OF DIRECTORS. (a) The corporation is  
4 governed by a board of directors which consists of 11 members: the  
5 commissioner of community and regional affairs, the mayor of the new  
6 capital city and the mayor of the Matanuska-Susitna Borough, who serve  
7 as directors ex officio with voting privileges, and eight directors  
8 appointed by the governor and confirmed by a majority of the members of  
9 the legislature in joint session. The governor shall appoint one  
10 director to serve until the mayor of the new capital city is elected in  
11 accordance with AS 29.18.570. No more than three of the appointed  
12 directors may be full-time elected or appointed employees or officials  
13 of the state or of any municipality. No state legislator may be  
14 appointed or serve.

15 (b) The governor shall appoint directors with due regard to their  
16 expertise and experience in areas relevant to public and private plan-  
17 ning, development, finance, marketing, the general public interest and  
18 state and municipal government. The appointed directors shall be resi-  
19 dents and qualified voters of the state. The appointed directors serve  
20 at the pleasure of the governor.

21 (c) The governor may further designate three commissioners of  
22 principal departments of state government to participate in meetings of  
23 the board. The three commissioners so designated have no vote.

24 (d) The governor shall designate one of the appointed members as  
25 chairman of the board of directors. The board shall elect a vice-  
26 chairman from among its membership. The chairman shall call the initial  
27 meeting of the board of directors within 30 days after taking office.

28 (e) Until appointment by the governor of the full board of direc-  
29 tors and the holding of the initial meeting, the New Capital Site Plan-

1 ning Commission (AS 44.06.200 - 44.06.260) shall govern the corporation  
2 as the board of directors. The members of the commission acting as the  
3 board of directors of the corporation shall have the voting rights fixed  
4 in AS 44.06.210 for commission members.

5 Sec. 44.63.040. TERM OF OFFICE. Appointed directors serve for  
6 terms of four years. Terms shall be staggered. Initial terms shall be  
7 two members serving for one year, two members serving for two years, two  
8 members serving for three years, two members serving for four years, and  
9 one member serving for five years. An appointee to fill a vacancy shall  
10 hold office for the balance of the term for which his predecessor on the  
11 board was appointed.

12 Sec. 44.63.050. QUORUM. (a) A majority of the directors of the  
13 corporation constitutes a quorum for the transaction of business and the  
14 exercise of the powers and duties of the board unless otherwise required  
15 by this chapter.

16 (b) A vacancy on the board does not impair the authority of a  
17 quorum of the board to exercise all the powers and perform all the  
18 duties of the board.

19 Sec. 44.63.060. COMPENSATION OF DIRECTORS. Appointed directors  
20 receive \$200 for each meeting day if they attend the meeting and are  
21 entitled to per diem and travel allowances as provided by law for mem-  
22 bers of state boards and commissions.

23 Sec. 44.63.070. EMPLOYMENT OF PERSONNEL. (a) The board shall  
24 appoint and determine the salary of a person to serve at the pleasure of  
25 the board as executive director. The executive director is the chief  
26 executive officer of the corporation. The executive director may not be  
27 a member of the board of directors of the corporation.

28 (b) The board of directors may appoint and determine the salary of  
29 other officers specified in the bylaws of the corporation, with the

1 powers and duties as set out in the bylaws.

2 (c) The executive director, with the approval of the board, may  
3 employ additional staff, and may retain others considered necessary or  
4 appropriate to carry out the purposes of the corporation.

5 (d) Officers and employees of the corporation are in the exempt  
6 service under AS 39.25.

7 (e) Consultants and contractors shall be hired in accordance with  
8 the provisions of AS 36.10.010.

9 Sec. 44.63.080. OTHER EMPLOYMENT OF DIRECTORS PERMITTED. A direc-  
10 tor may hold any position of public or private employment, except as  
11 provided in sec. 30(a) of this chapter, while serving on the board of  
12 directors.

13 Sec. 44.63.090. MEETINGS. (a) Meetings of the board of directors  
14 are governed by the provisions of AS 44.62.310 and 44.62.312; in all  
15 other respects the Administrative Procedure Act (AS 44.62) applies to  
16 this chapter.

17 (b) The board shall establish procedures providing for newspaper  
18 publication and other notice of all meetings sufficient to adequately  
19 inform the public of the subject matter proposed to be acted on and  
20 shall establish procedures providing for public participation at its  
21 meetings.

22 Sec. 44.63.100. REGULATIONS. (a) The board may adopt, amend and  
23 repeal regulations by resolution.

24 (b) The board shall make available to members of the public copies  
25 of the corporation's regulations and shall file copies of the regula-  
26 tions in the office of the lieutenant governor within 10 days following  
27 any action taken on the regulations.

28 (c) The adoption, amendment or repeal of regulations by the board  
29 is subject to review in accordance with AS 24.20.400 - 24.20.460 and AS

1 44.62.320.

2 Sec. 44.63.110. DEVELOPMENT ADVISORY BOARD. (a) As soon as  
3 practicable following the holding of the initial meeting of the board of  
4 directors, the corporation shall establish a Development Advisory Board  
5 to consider and advise the corporation upon matters concerning the  
6 planning and development of, and provisions of services and facilities  
7 in, the capital city area.

8 (b) The advisory board shall meet regularly at least four times a  
9 year, and shall also meet with the board of directors of the corporation  
10 at least once each year.

11 (c) In appointing the members of the advisory board, the board of  
12 directors shall consider representation of the interests of municipal-  
13 ities of the state, other public and private interests, state agencies,  
14 and public or private organizations, groups or entities which the board  
15 of directors considers to be significantly affected by the relocation of  
16 the capital of the state.

17 (d) The members of the advisory board serve at the pleasure of the  
18 board of directors without compensation, but are entitled to per diem  
19 and travel allowances as provided by law for members of state boards and  
20 commissions.

21 (e) A member may hold any position of public or private employment  
22 while serving on the advisory board.

23 Sec. 44.63.120. POWERS OF THE CORPORATION. In addition to other  
24 powers granted by law and for the purpose of providing for the develop-  
25 ment of the new capital city area, the corporation may

26 (1) sue and be sued;

27 (2) adopt and alter an official seal;

28 (3) adopt, amend or repeal bylaws and procedures for the  
29 development of its programs, operations, properties and facilities;

1 (4) enter into contracts and other instruments necessary or  
2 convenient for the exercise of its powers under this chapter;

3 (5) acquire, hold, use, lease, mortgage, sell or otherwise  
4 encumber or dispose of property of any kind, real, personal or mixed, or  
5 any interest in it;

6 (6) establish terms and conditions for the acquisition or  
7 disposal of its property;

8 (7) prepare or contract for the preparation of studies,  
9 analyses, specifications, designs and estimates of cost for the con-  
10 struction, development, reconstruction or improvement of any property  
11 within the capital city area;

12 (8) manage or contract for the management of all or any part  
13 of a development program or programs on the terms the corporation con-  
14 siders appropriate;

15 (9) open streets and other public rights-of-way and provide  
16 for facilities or services in connection with any development program;

17 (10) charge and collect fees and charges for the use of facil-  
18 ities or services, and cause the fees and charges to become a lien on  
19 and run with the land and bind all future owners of the land by means of  
20 covenants affecting the property which are recorded in the appropriate  
21 recording district; the covenants may also provide that taxes imposed by  
22 a municipality can be credited against the fees and charges to the  
23 extent and upon any terms that are set out in the covenants;

24 (11) adopt or impose land use and building restrictions,  
25 architectural, design, and land use controls through covenants, decla-  
26 rations, or otherwise in furtherance of the purpose of this chapter on  
27 any real property owned by the corporation; include the restrictions or  
28 controls in contracts, conveyances and agreements; and cause the re-  
29 strictions and controls, covenants or declarations to run with the land

1 and bind all future owners of the land by filing them for record in the  
2 appropriate recording district;

3 (12) plan, finance, develop, acquire, construct, reconstruct,  
4 improve, operate, maintain, sell or otherwise dispose of structures,  
5 appurtenances, systems and facilities under contractual or other ar-  
6 rangements in connection with any specific development plan, or with the  
7 purposes of this chapter;

8 (13) survey the real property within the capital city area;  
9 undertake geological, environmental and other similar studies and anal-  
10 yses of the property; and gather and disseminate all relevant informa-  
11 tion pertaining to the suitability of any portion of the capital city  
12 area for various land uses;

13 (14) make contracts, incur liabilities, borrow money at rates  
14 of interest, maturities and on other terms and conditions that the  
15 corporation may determine and secure any of its obligations by mortgage  
16 or pledge of all or any of its real or personal property or any interest  
17 in the property, whether then owned or thereafter acquired;

18 (15) pledge its fees, charges and other revenues and receipts,  
19 and assign or pledge the lease or leases or sales contracts on any  
20 portion or all of its real or personal property, and the income received  
21 by virtue of any lease or leases or sales contracts, and consent to  
22 modifications of rate of interest, time of payment of any installment of  
23 principal or interest, security, or any other term of any mortgage,  
24 mortgage loan, mortgage loan commitment, contract or agreement to which  
25 the corporation is a party;

26 (16) obtain insurance or bond against any losses from insurers  
27 authorized to do business in the state as it considers desirable;

28 (17) accept gifts, grants or loans from any source;

29 (18) enter into agreements with any public agency to carry out

1 the purposes of this chapter;

2 (19) enter into agreements to pay annual sums in lieu of taxes  
3 to a municipality in respect of any real property which is owned by the  
4 corporation and which is exempt from taxation under this chapter; and

5 (20) do any and all things necessary or convenient to carry  
6 out the purposes of this chapter and exercise the powers granted in this  
7 chapter.

8 ARTICLE 3. CAPITAL CITY DEVELOPMENT PLANS,  
9 PROPERTY, MUNICIPAL AGREEMENTS AND CONTRACTS.

10 Sec. 44.63.130. FORMULATION AND PROCEDURE FOR OBTAINING APPROVAL  
11 OF DEVELOPMENT PLANS. (a) The corporation shall prepare a general  
12 development plan for the capital city area. The general development  
13 plan shall be based on the initial and proposed overall site specific  
14 development plan submitted to the legislature by the New Capital Site  
15 Planning Commission under AS 44.06.230(j) and, in addition, shall  
16 include but not be limited to the following elements:

17 (1) a statement of the proposed uses of land throughout the  
18 capital city area as a whole with a general allocation of projected  
19 amounts and proportions of land to be devoted to governmental, residen-  
20 tial, commercial, industrial, institutional and public uses, indicating  
21 the anticipated population and building densities for the capital city  
22 area based upon the proposed mix of such land uses;

23 (2) a statement of the projected cost, number, nature and  
24 generalized locations of facilities, including but not limited to,  
25 governmental and institutional facilities relating to the functioning of  
26 the capital city area as the new capital of the state, public transpor-  
27 tation and major arterial street systems, parks and recreational facil-  
28 ities, water, sewer and drainage systems, electric, telephone and other  
29 energy or communications systems or utilities, and health, educational

1 and community facilities, and a statement of the method and approximate  
2 time period by which the facilities described in this paragraph are to  
3 be provided;

4 (3) a statement of the approximate projected time schedule  
5 for the stages of development of the capital city area, both as to  
6 various parts of the capital city area and as to the various types or  
7 categories of land uses proposed;

8 (4) a statement of the projected means of financing of the  
9 facilities referred to in (2) of this subsection, the anticipated  
10 sources of funds necessary, the times at which the funds shall be pro-  
11 vided, and the means by which borrowed money shall be repaid;

12 (5) additional statements or documentation as the corporation  
13 considers necessary or appropriate.

14 (b) The general development plan shall include a determination of  
15 the minimum acreage of land to be allocated for the location and con-  
16 struction of state offices and related state facilities; and the minimum  
17 acreage of land to be set aside and allocated for parks, lakes, recrea-  
18 tion and open space use, with facilities necessary for their use and  
19 enjoyment, which, when developed, shall be accessible to the general  
20 public for its use and enjoyment. The provisions of the general deve-  
21 lopment plan described in this subsection may not be amended.

22 (c) The corporation shall hold at least one hearing in each ju-  
23 dicial district of the state to receive comments from interested parties  
24 on the general development plan proposed by the corporation. Each  
25 hearing shall be held in a community of the state selected in the dis-  
26 cretion of the board after public notice by publication in a newspaper  
27 of general circulation in the municipality at least 30 days before the  
28 commencement of the hearing.

29 (d) Following the completion of public hearings, the board of

1 directors shall adopt the general development plan, which may be ap-  
2 proved, with or without amendment, by at least two-thirds vote of the  
3 full membership of the board and upon a finding that the general deve-  
4 lopment plan is in accordance with and furthers the purposes of this  
5 chapter. The general development plan becomes effective only after  
6 review and comment by the assembly of the Matanuska-Susitna Borough.  
7 Comment from the assembly must be submitted within 60 days of submission  
8 of the plan to the assembly.

9 (e) Amendments to the general development plan may be proposed by  
10 the assembly of the Matanuska-Susitna Borough.

11 Sec. 44.63.140. ADOPTION OF SPECIFIC DEVELOPMENT PLANS. (a)  
12 Following adoption of the general development plan, the board shall  
13 prepare one or more specific development plans which shall include, but  
14 not be limited to, the following elements:

- 15 (1) a description of the area to be developed;
- 16 (2) a detailed and specific statement of the proposed uses  
17 within the area to be developed, including proposed general locations of  
18 all buildings and structures;
- 19 (3) a general description of the land use restrictions or  
20 covenants to be placed on the area to be developed;
- 21 (4) a map of the existing and proposed transportation and  
22 utility systems within the area;
- 23 (5) a statement of the methods by which the property within  
24 the area may be disposed of;
- 25 (6) a statement of the relationship between the specific  
26 development plan and the general development plan; and
- 27 (7) additional statements or documentation as the board  
28 considers necessary or appropriate.

29 (b) Each specific development plan shall be approved or amended by

1 the board of directors. A specific development plan becomes effective  
2 only after review and comment by the assembly of the Matanuska-Susitna  
3 Borough. Comment from the assembly must be submitted within 60 days of  
4 submission of the plan to the assembly. A specific development plan  
5 shall constitute the controlling document and land use plan for the area  
6 to be developed. In acting upon a proposed specific development plan,  
7 the board of directors shall be guided by the purposes of this chapter  
8 and particularly

9 (1) the degree to which the specific development plan is in  
10 substantial conformity with the general development plan; if the board  
11 of directors determines that the specific development plan under con-  
12 sideration constitutes a substantial change from the general development  
13 plan, the board shall consider the changed circumstances or other fac-  
14 tors which warrant a change from the general development plan as pre-  
15 viously approved; any specific development plan constituting a sub-  
16 stantial change shall be subject to the same provisions that are applic-  
17 able to amendments to the general development plan under sec. 130(d) of  
18 this chapter; approval of a specific development plan is an amendment to  
19 the relevant portion of the general development plan;

20 (2) the location and adequacy of all streets and highways,  
21 transportation facilities, public utilities, community and recreational  
22 facilities, and all public services necessary to serve the land uses  
23 contemplated by the specific development plan;

24 (3) the effect of all proposed land uses within the specific  
25 development plan upon adjacent land uses, whether existing or proposed,  
26 located within or adjacent to the capital city area.

27 Sec. 44.63.150. RELATIONSHIP OF CORPORATION, THE STATE AND MUNI-  
28 CIPALITIES. (a) In carrying out the purposes of this chapter, the  
29 corporation shall work closely with, consult and cooperate with the

1 state, the Matanuska-Susitna Borough, and the capital city, and their  
2 departments, agencies or instrumentalities.

3 (b) All state agencies and all municipalities may cooperate with  
4 the corporation and may extend to the corporation, with or without  
5 consideration, any function, or other assistance which they are em-  
6 powered to render or perform and enter into agreements with the cor-  
7 poration. Upon the corporation's request, any governmental entity may  
8 transfer to the corporation any officers and employees the corporation  
9 considers necessary to assist the corporation in carrying out its func-  
10 tions and duties under this chapter. Officers and employees so trans-  
11 ferred retain their status and rights as public employees and are com-  
12 pensated by their employing agency which shall continue to exercise all  
13 of its rights as employer.

14 (c) The corporation may enter into agreements with the capital  
15 city providing that the city furnish, as necessary, for the capital city  
16 area included in any specific development program which has not yet been  
17 completed, municipal services as fixed in the agreements. The agreements  
18 may provide for payment by the corporation to the city of the costs of  
19 these services on a formula or other basis as may be fixed in the agree-  
20 ments.

21 (d) In implementing the development program, the corporation may  
22 enter into contractual agreements with any public agency for the fur-  
23 nishing of any facilities or services necessary or desirable for the  
24 development program.

25 (e) The corporation, on behalf of itself or in its own name on  
26 behalf of any person performing work in connection with the general  
27 development plan or a specific development plan, shall develop and keep  
28 current by periodic revision a facility procurement process schedule.  
29 The schedule shall identify the dates by which reviews and approvals, by

1 state agencies, and issuance of necessary permits, must be completed in  
2 order to allow work to proceed in accordance with the plan.

3 (f) The corporation shall submit the facility procurement process  
4 schedule to the capital coordinating committee. The committee consists  
5 of the commissioners of transportation and public facilities, public  
6 safety, health and social services, environmental conservation, natural  
7 resources, fish and game, labor, commerce and economic development,  
8 community and regional affairs, and a representative of the Office of  
9 the Governor. The chairman of the committee shall be the commissioner  
10 of transportation and public facilities. The committee, with the  
11 cooperation of the corporation, shall ensure that submissions made by  
12 the corporation as required by statute, codes, and regulations are pro-  
13 cessed expeditiously. The committee and the corporation, or the cor-  
14 poration itself, may propose to the governor revision of procedures,  
15 statutes, codes or regulations when necessary to expedite the corpora-  
16 tion's work.

17 (g) The specific development plan and any amendments shall be  
18 recorded in the appropriate recording district.

19 Sec. 44.63.160. ACQUISITION OF REAL PROPERTY. Upon making a  
20 finding that it is necessary or convenient to acquire any real property,  
21 or an interest in it, located in the capital city area, or any real  
22 property located outside the capital city area, for the purpose of pro-  
23 viding water, sewer, road, airport or other utility or facility for the  
24 capital city area, for its immediate or future use, the corporation may  
25 request the state, acting on behalf of the corporation, to acquire the  
26 property in any lawful manner, including the exercise of the power of  
27 eminent domain.

28 Sec. 44.63.170. STATE LOANS. The commissioner of revenue may loan  
29 to the corporation from surplus money in the general fund a sum not to

1 exceed \$153,000,000. Before any disbursement of the proceeds of the  
2 loan, the commissioner of revenue, with the approval of the governor,  
3 shall enter into a loan agreement with the corporation providing for the  
4 terms of repayment of the loan over the period of years and at the rate  
5 or rates of interest as may be fixed in the loan agreement. The loan  
6 agreement shall provide for (1) a periodic disbursement schedule of the  
7 loan proceeds consistent with the progress of the general development  
8 plan of the corporation during each fiscal year of the state and consis-  
9 tent with the projected financial ability of the state to disburse loan  
10 proceeds in each fiscal year, and (2) an annual or other periodic review  
11 procedure by a committee consisting of the commissioner of revenue and  
12 four commissioners of principal departments of state government  
13 appointed by the governor to determine (A) whether the financial and  
14 economic projections contained in the general development plan and  
15 specific development plans are being fulfilled, and (B) whether the  
16 financial condition of the state will accommodate each annual loan  
17 disbursement. The Legislative Budget and Audit Committee shall make the  
18 same review provided for in the agreement and report its findings to the  
19 committee. The loan agreement shall provide that the recommendations of  
20 the committee, based on the determinations made by the committee, shall  
21 govern the amount of each loan disbursement.

22 Sec. 44.63.180. DISPOSITION OF PROPERTY. (a) The corporation  
23 shall adopt regulations for the sale, lease or other disposal of pro-  
24 perty under this chapter. After adoption of regulations and of one or  
25 more specific development plans, the corporation may sell, lease or  
26 otherwise dispose of, all or any portion of the property encompassed by  
27 the plans to any person, either public or private, upon the terms and  
28 conditions it determines but only if the board of directors specifically  
29 finds that the terms and conditions of the sale, lease or other disposal

1 arrangement are in substantial conformity with the plans. Before the  
2 sale, lease or other disposal of any property by the corporation, public  
3 notice of the intention of the corporation to do so shall be given by  
4 publication of a general description of the terms at least 10 days  
5 before the sale, lease or disposal in a newspaper of general circulation  
6 in the Third Judicial District.

7 (b) Notwithstanding any other law any sale, lease or other dispo-  
8 sal of property may be made without public bidding or public sale, under  
9 a negotiated contract, agreement or lease and containing any terms the  
10 corporation determines to be necessary or desirable for the implementa-  
11 tion of a specific development plan if public notice is given in accor-  
12 dance with (a) of this section.

13 (c) The real property in the capital city area is not subject to  
14 the provisions of the Alaska Land Act (AS 38.05).

15 Sec. 44.63.190. TRANSFER OF STATE-OWNED REAL PROPERTY. The com-  
16 missioner of natural resources and any other state official having  
17 jurisdiction over the conveyance or transfer of state-owned land shall,  
18 within 60 days after the written request of the chairman of the cor-  
19 poration, convey to the corporation all of the state land, including  
20 land under water, lying within the capital city area. The transfer and  
21 conveyance shall contain reservations required by federal law and the  
22 Alaska constitution.

23 Sec. 44.63.200. CONSTRUCTION CONTRACTS. (a) The corporation  
24 shall adopt regulations under this chapter establishing procedures for  
25 entering into contracts for construction of facilities and improvements  
26 on all or any part of any development program in accordance with the  
27 procedures established in AS 35.15. No construction contract may be  
28 entered into requiring the expenditure of borrowed funds unless the  
29 funds or a commitment letter are in the hands of the corporation.

1 (b) Notwithstanding the provisions of (a) of this section or any  
2 other law, the corporation may adopt regulations providing that it may,  
3 when it finds that the bid process of (a) of this section would unrea-  
4 sonably impede implementation of a development program or would other-  
5 wise be detrimental to the financial objectives underlying the develop-  
6 ment program, enter into a construction contract for all or any part of  
7 a development program without public bidding. The negotiated contract  
8 may contain any terms the corporation considers necessary or desirable  
9 for the implementation of the development program. No contract under  
10 this subsection except contracts for personal services or contracts  
11 involving the expenditure of less than \$20,000 may be entered into  
12 unless the corporation has given public notice of its intention to enter  
13 into the contract at a meeting at which the proposed contract is avail-  
14 able for inspection and an opportunity for members of the public to be  
15 heard is afforded. The corporation shall include in the report required  
16 by sec. 370 of this chapter a statement of the circumstances justifying  
17 a contract entered into under the authority of this subsection.

18 Sec. 44.63.210. MONEY OF THE CORPORATION. The legislative auditor  
19 may examine all the accounts and books of the corporation and all other  
20 records and papers relating to its financial standing. The Legislative  
21 Budget and Audit Committee shall conduct an examination at least once  
22 every two years or may accept an independent audit of the corporation by  
23 a firm of certified public accountants made at the request of the cor-  
24 poration in satisfaction of the examination requirement.

25 Sec. 44.63.220. TAX EXEMPTION. The interest of the corporation in  
26 the real and personal property of the corporation and its assets, income  
27 and receipts are declared to be property of a political subdivision of  
28 the state and shall be exempt from all taxes and special assessments of  
29 the state or a political subdivision of the state. The interest of

1 others in real or personal property of the corporation is taxable by the  
2 Matanuska-Susitna Borough and the capital city to the extent authorized  
3 by law.

4 ARTICLE 6. GENERAL PROVISIONS.

5 Sec. 44.63.230. EXECUTIVE BUDGET ACT. The corporation is subject  
6 to the provisions of the Executive Budget Act (AS 37.07).

7 Sec. 44.63.240. ANNUAL BUDGET. The board of directors shall  
8 review and approve, by a two-thirds vote of members of the board, the  
9 annual operational and capital program and budget for the corporation  
10 and may, by two-thirds vote, amend the program and budget. No corporate  
11 funds may be expended or money borrowed except in accordance with appro-  
12 priations.

13 Sec. 44.63.250. ANNUAL REPORT. The corporation shall submit to  
14 the governor, the Legislative Budget and Audit Committee, and the com-  
15 mittee established by sec. 170 of this chapter, within three months  
16 after the end of the corporation's fiscal year, a complete financial  
17 report audited by a certified public accountant or firm of certified  
18 public accountants, which shows

- 19 (1) its receipts and expenditures during its fiscal year;  
20 (2) its assets and liabilities at the end of its fiscal year,  
21 including a schedule of its leases and mortgages and the status of  
22 reserve, special and other funds;  
23 (3) the progress of fulfillment of the financial and economic  
24 projections contained in the general development and specific develop-  
25 ment plans; and  
26 (4) its operations and accomplishments and any material pro-  
27 blems encountered in implementing the development plan.

28 Sec. 44.63.260. CONFLICTS OF INTEREST. (a) No director or em-  
29 ployee of the corporation or member of the advisory board may partici-

1 pate in any decision of the corporation in which he has a direct or  
2 indirect financial interest.

3 (b) The executive director and members of the board of directors  
4 are subject to AS 39.50.

5 Sec. 44.63.270. LIMITATION OF LIABILITY. No person executing a  
6 note of the corporation is liable personally on such obligations by  
7 reason of their issuance.

8 Sec. 44.63.280. TERMINATION OF CORPORATION. (a) Unless a deter-  
9 mination is made under (b) of this section to extend the existence of  
10 the corporation, the existence of the corporation shall terminate upon  
11 the occurrence of any of the following events: (1) the board's deter-  
12 mination that the general development plan has been substantially imple-  
13 mented; (2) the attainment by the capital city of a population of 10,000  
14 as certified by the Department of Community and Regional Affairs; or (3)  
15 the arrival of the year 1988.

16 (b) Not later than one year before the anticipated occurrence of  
17 any of the events in (a) of this section, the board of directors shall  
18 recommend to the legislature and the legislature shall determine whether  
19 the corporation shall continue in existence beyond the occurrence of the  
20 event.

21 Sec. 44.63.290. DEFINITIONS. In this chapter, unless the context  
22 requires otherwise,

23 (1) "capital city area" or "capital city site" means the area  
24 specified in AS 29.18.520;

25 (2) "capital city" means the municipality created under AS  
26 29.18.510;

27 (3) "corporation" means the Alaska Capital City Development  
28 Corporation created by sec. 20 of this chapter;

29 (4) "advisory board" means the Development Advisory Board

1 created under sec. 110 of this chapter;

2 (5) "development program" means one or more works, under-  
3 takings or improvements (surface, subsurface, or overhead) or buildings  
4 constructed, reconstructed, or improved or to be constructed, recon-  
5 structed, or improved by the corporation within the capital city area,  
6 under one or more specific development plans, as the corporation con-  
7 siders necessary or appropriate;

8 (6) "facility" means any utility or infra-structure plant and  
9 any system or improvement, whether used or useful for residential,  
10 educational, commercial, institutional, community, private, semi-private  
11 or public purposes, including, without limitation, facilities such as  
12 roads and public transportation systems, parks and recreational facili-  
13 ties, water, sewer and drainage systems, electric, telephone and other  
14 energy or communications systems or utilities and health, educational  
15 and community facilities, and private facilities such as housing, com-  
16 mercial and industrial enterprises, in each case of whatever kind or  
17 character and under whatever form of ownership, and all necessary real  
18 or personal property;

19 (7) "general development plan" means a general land use and  
20 land development plan for the capital city area which contains the  
21 elements set out in sec. 130 of this chapter;

22 (8) "municipality" means a home rule or general law city or  
23 borough including but not limited to the capital city and a unified  
24 municipality organized under AS 29.68.240 - 29.68.440;

25 (9) "private firm" means any private person, partnership,  
26 corporation, foundation, trust, or other business entity whether orga-  
27 nized for profit or not for profit;

28 (10) "public agency" means any officer, department, board,  
29 commission, bureau, division, public corporation, agency or instru-

1 mentality of the state, the United States, or any municipality;

2 (11) "specific development plans" means the various plans for  
3 the implementation of each phase or segment of the general development  
4 plan.

5 \* Sec. 2. AS 29.18 is amended by adding new sections to read:

6 ARTICLE 5. CAPITAL CITY INCORPORATION.

7 Sec. 29.18.510. INCORPORATION. There is created and incorporated  
8 a city of the state as the capital city of Alaska which is a city of the  
9 first class. The capital city has all the powers of a first class city.

10 Sec. 29.18.520. BOUNDARIES. The boundaries of the capital city  
11 shall include all of that area of land designated by the voters of  
12 Alaska as the new capital site of the state.

13 Sec. 29.18.530. CITY COUNCIL. (a) Until council members elected  
14 by the residents of the capital city take office as provided in sec. 570  
15 of this chapter, the council of the capital city shall have five mem-  
16 bers, four of whom shall be appointed by the governor and shall serve at  
17 the pleasure of the governor. The development corporation shall desig-  
18 nate one person to serve as a member of the council. The council mem-  
19 bers appointed by the governor or designated by the development corpora-  
20 tion shall serve an initial term which expires on the Monday following  
21 the first Tuesday in October of the calendar year following the calendar  
22 year of initial appointment or designation. Council members may be  
23 reappointed by the governor or redesignated by the development corpora-  
24 tion. Except as provided in sec. 570 of this chapter, the successors of  
25 the initial appointees and designee shall serve for a term of two years  
26 commencing on the date the initial appointments and designation expire.  
27 Each appointee and designee shall hold office for the term of his ap-  
28 pointment and until his successor has been appointed or designated and  
29 has qualified.

1 (b) Council members appointed by the governor or designated by the  
2 development corporation need not be residents of the capital city.

3 (c) The council shall elect a chairman from among its membership.  
4 The chairman presides at council meetings, determines the agenda for  
5 council meetings, and carries out the other duties specified by ordi-  
6 nance.

7 Sec. 29.18.540. FILLING A VACANCY. If a vacancy occurs among the  
8 members appointed by the governor, the governor shall designate the  
9 replacement who shall serve for the unexpired portion of the term.

10 Sec. 29.18.550. APPOINTMENT OF CITY OFFICIALS. Until a mayor is  
11 elected in accordance with sec. 570 of this chapter, the council shall  
12 appoint a city manager for the capital city to serve at the pleasure of  
13 the council. The city manager may not be a council member.

14 Sec. 29.18.570. TRANSITION. (a) When the capital city attains a  
15 population of 400 permanent resident voters, as certified by the lieute-  
16 nant governor based on the best information available, the lieutenant  
17 governor shall notify the council of this determination. The lieutenant  
18 governor shall specify an election date which shall be the first Tuesday  
19 of October following the notification, except that if it is less than  
20 six months from the date of the certification to the first Tuesday of  
21 October then the election date shall be the first Tuesday of October of  
22 the year following. The elected members shall take office on the Monday  
23 following the election.

24 (b) After the lieutenant governor has specified the election date,  
25 the council shall make arrangements for an election at which five coun-  
26 cil members and a mayor shall be elected in the manner prescribed by  
27 ordinance and law. The expenses of the election shall be borne by the  
28 state. The council of the capital city shall have six members. The  
29 governor shall designate one council member holding office on the date

1 of the election to remain a member of the council for a single three-  
2 year term commencing on the date the elected council members take  
3 office. The successors to the appointed council members shall be  
4 elected by the residents, except that if the appointed council member  
5 leaves office during the three years, the governor may appoint a succes-  
6 sor. The terms of all other appointed or designated council members  
7 expire when the elected council members take office. The term of  
8 elected council members is as provided in AS 29.23.200(c) except that  
9 three of the members are elected for an initial term of one year.

10 Sec. 29.18.580. PLANNING AND ZONING AUTHORITY. The general deve-  
11 lopment plan and specific development plans constitute the land use plan  
12 for the capital city area. When a parcel of land has been developed in  
13 accordance with the applicable specific development plan, that parcel  
14 becomes subject to all planning, zoning, subdivision, building code or  
15 other similar ordinances of the Matanuska-Susitna Borough.

16 Sec. 29.18.590. TRANSFER OF UTILITIES TO CAPITAL CITY. The de-  
17 velopment corporation, in cooperation with the capital city, shall  
18 arrange for and agree to an orderly schedule for transferring to the  
19 capital city ownership of, and financial and operational responsibility  
20 for utilities and any other facilities which the development corporation  
21 considers to be integral parts of the capital city infra-structure.  
22 Before January 1, 1985, the development corporation and the council of  
23 the capital city shall jointly retain independent consultants to study  
24 and determine an orderly schedule for transfer of these utilities and  
25 facilities to the capital city. The study shall consider the capabili-  
26 ties of the capital city and its existing and anticipated residents to  
27 finance the cost of these utilities and other facilities and their  
28 operating expenses. The consultants shall propose a recommended sche-  
29 dule for and terms of transfer which are commensurate with the capital

1 city's existing and anticipated population, tax base and any other  
2 factors relating to its capability to finance and operate these facil-  
3 ities as they consider appropriate. The development corporation shall,  
4 after considering the consultants' report, propose a schedule of and  
5 terms and conditions of the transfer to the capital city, which shall,  
6 upon review and approval by the council, be included in an agreement  
7 between the development corporation and the capital city. If the de-  
8 velopment corporation and the capital city are unable to agree within  
9 six months after the development corporation submits its proposal, the  
10 development corporation shall submit the proposal to the Legislative  
11 Budget and Audit Committee which shall consider the proposal, and if the  
12 committee considers it appropriate to do so, shall recommend to the  
13 legislature legislation it considers desirable for the disposition of  
14 the utilities and other facilities. If the legislature does not enact  
15 legislation regarding the disposition within one year after the proposal  
16 is submitted to the Legislative Budget and Audit Committee, the develop-  
17 ment corporation may at any time thereafter sell or dispose of the  
18 utilities and facilities or any of them to a private person or entity or  
19 government body, or continue to operate them.

20 Sec. 29.18.600. DEFINITIONS. In secs. 510 - 600 of this chapter,  
21 unless the context requires otherwise,

22 (1) "capital city area" means the area described in sec. 520  
23 of this chapter;

24 (2) "capital city" means the municipality incorporated by  
25 this chapter;

26 (3) "development corporation" means the Alaska Capital City  
27 Development Corporation;

28 (4) "general development plan" has the same meaning as pro-  
29 vided in AS 44.63.290 and includes amendments to the general development

1 plan;

2 (5) "specific development plan" has the same meaning as  
3 provided in AS 44.63.290 and includes amendments to each specific  
4 development plan.

5 Sec. 29.18.610. SHORT TITLE. Sections 510 - 610 of this chapter  
6 may be cited as the Capital City Incorporation Act.

7 \* Sec. 3. AS 18.56 is amended by adding a new section to read:

8 Sec. 18.56.094. NEW CAPITAL CITY MORTGAGE LOANS. In addition to  
9 other powers granted in this chapter, the corporation may, without  
10 regard to income limitation, make or participate in the making of mort-  
11 gage loans to purchasers of residential housing in the new capital city  
12 (AS 29.18.510 - 29.18.660) who are required to relocate with their jobs  
13 to the new capital city.

14 \* Sec. 4. AS 44.58.270 is amended by adding a new subsection to read:

15 (i) All references to the "reserve fund" in this section include  
16 special accounts within the reserve fund which may be created by the  
17 authority to secure the payment of particular bonds, including, without  
18 limitation, bonds issued by the capital city established under AS 29.-  
19 18.510. The commissioner of revenue may lend surplus money in the  
20 general fund to the authority for deposit to any account in the reserve  
21 fund in an amount equal to the required debt service reserve. The loans  
22 shall be made on such terms and conditions as may be agreed upon by the  
23 commissioner of revenue and the authority, including, without limita-  
24 tion, terms and conditions providing that the loans need not be repaid  
25 until the obligations of the corporation secured and to be secured by  
26 the account in the reserve fund are no longer outstanding.

27 \* Sec. 5. The commissioner of revenue may loan an amount not to exceed  
28 \$14,800,000 from surplus money in the general fund to the Alaska State  
29 Housing Authority (AS 18.55.010 - 18.55.290) for the purpose of providing

1 housing for persons of lower income in the capital city area. The amounts  
2 loaned shall be used by the authority for that purpose in accordance with the  
3 provisions of AS 18.55.300 - 18.55.370. The loan or loans by the commis-  
4 sioner of revenue to the authority shall be made at the rate or rates of  
5 interest and upon the terms and conditions as the commissioner of revenue and  
6 the authority may agree upon.

7 \* Sec. 6. This Act takes effect 30 days after certification that a bond  
8 issue for costs of relocation of the capital has been adopted by the voters  
9 of the state.

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