

Original sponsor: Rules Committee by
request of the Governor (by request of
the New Capital Site Planning Commission)

Offered: 4/3/78
Referred: State Affairs
and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 519

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. ESTABLISHMENT OF CORPORATION; POWERS.

13 Sec. 44.63.005. FINDINGS. The legislature finds that the reloca-
14 tion of the capital site of the state, as mandated by the people of the
15 state, and the establishment of a development entity, as provided in
16 this chapter, are subjects of statewide concern requiring the enactment
17 of this chapter.

18 Sec. 44.63.010. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

19 There is created the Alaska Capital City Development Corporation. The
20 corporation is a public corporation and governmental instrumentality of
21 the state within the Department of Commerce and Economic Development,
22 but has a legal existence independent of and separate from the state.
23 The exercise by the corporation of the powers conferred by this chapter
24 is considered an essential governmental function of the state.

25 Sec. 44.63.020. BOARD OF DIRECTORS. (a) The corporation is
26 governed by a board of directors which consists of 11 members: the
27 commissioner of commerce and economic development and the mayor of the
28 Matanuska-Susitna Borough, who serve as directors ex officio with voting
29 privileges, and nine directors appointed by the governor. No more than

1 three of the appointed directors may be full-time elected or appointed
2 employees or officials of the state or of any municipality. No state
3 legislator may be appointed to serve on the board.

4 (b) The governor shall appoint directors with due regard to their
5 expertise and experience in areas relevant to public and private plan-
6 ning, development, finance, marketing, the general public interest and
7 state and municipal government. The appointed directors shall be resi-
8 dents and qualified voters of the state. The appointed directors serve
9 at the pleasure of the governor.

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

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

17 (e) Until appointment by the governor of the full board of direc-
18 tors and the holding of the initial meeting, the New Capital Site Plan-
19 ning Commission (AS 44.06.200 - 44.06.260), except for legislative
20 appointees to the commission, shall govern the corporation as the board
21 of directors. The members of the commission acting as the board of
22 directors of the corporation shall have the voting rights fixed in AS
23 44.06.210 for commission members.

24 Sec. 44.63.030. TERM OF OFFICE. Appointed directors serve for
25 terms of four years. Terms shall be staggered. Initial terms shall be
26 two members serving for one year, two members serving for two years, two
27 members serving for three years, two members serving for four years, and
28 one member serving for five years. An appointee to fill a vacancy shall
29 hold office for the balance of the term for which his predecessor on the

1 board was appointed.

2 Sec. 44.63.040. QUORUM. (a) A majority of the directors of the
3 corporation constitutes a quorum for the transaction of business and the
4 exercise of the powers and duties of the board unless otherwise required
5 by this chapter.

6 (b) A vacancy on the board does not impair the authority of a
7 quorum of the board to exercise all the powers and perform all the
8 duties of the board.

9 Sec. 44.63.050. COMPENSATION OF DIRECTORS. Appointed directors
10 receive compensation fixed by the board of directors not to exceed \$200
11 a day, or any greater amount as the governor may fix not to exceed \$500
12 a day, for their services to the corporation, as well as reimbursement
13 for their actual and necessary expenses incurred in the performance of
14 their duties as directors.

15 Sec. 44.63.060. EMPLOYMENT OF PERSONNEL. (a) The board shall
16 appoint and determine the salary of a person to serve at the pleasure of
17 the board as executive director. The executive director is the chief
18 executive officer of the corporation. The executive director may not be
19 a member of the board of directors of the corporation.

20 (b) The board of directors may appoint and determine the salary of
21 other officers specified in the bylaws of the corporation, with the
22 powers and duties as set out in the bylaws.

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

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

28 (e) Consultants and contractors shall be hired in accordance with
29 the provisions of AS 36.10.010, unless, in the judgment of the board, it

1 would impede the scheduled implementation of the general development
2 plan or any specific development plan.

3 Sec. 44.63.070. OTHER EMPLOYMENT OF DIRECTORS PERMITTED. A direc-
4 tor may hold any position of public or private employment while serving
5 on the board of directors.

6 Sec. 44.63.080. MEETINGS. (a) Meetings of the board of directors
7 are governed by the provisions of AS 44.62.310 and 44.62.312; in all
8 other respects the Administrative Procedure Act (AS 44.62) does not
9 apply to this chapter.

10 (b) The board shall establish procedures providing for newspaper
11 publication and other notice of all meetings sufficient to adequately
12 inform the public of the subject matter proposed to be acted on and
13 shall establish procedures providing for public participation at its
14 meetings.

15 Sec. 44.63.090. REGULATIONS. (a) The board may adopt, amend and
16 repeal regulations by resolution as provided in this section.

17 (b) Except as provided in (c) of this section, at least 15 days
18 before taking any action on a regulation, the board shall give public
19 notice of the proposed action by publishing the notice in at least three
20 newspapers of general circulation in Anchorage, Fairbanks and Juneau,
21 and by mailing a copy of the notice to every person who has filed a
22 request for notice of proposed regulations with the corporation. The
23 public notice shall include a statement of the time, place and nature of
24 the proceedings and shall include an informative summary of the proposed
25 subject of the regulations. At the time and place designated in the
26 notice, the board shall give each interested person or his authorized
27 representative, or both, a reasonable opportunity to present oral testi-
28 mony. The board shall consider all relevant matter presented to it
29 before taking any action on a regulation. The board may continue or

1 postpone the hearing to the time and place which it determines. A
2 regulation which is adopted, amended or repealed may vary in content
3 from the informative summary specified in this subsection if the subject
4 matter of the regulation remains the same and the original notice is
5 sufficient to assure that members of the public are reasonably notified
6 of the proposed subject of the board's action in order for them to
7 determine whether their interests could be affected by the board's
8 action on that subject.

9 (c) A regulation may be adopted, amended or repealed on an emer-
10 gency basis if the board makes a finding in its resolution that the
11 adoption, amendment or repeal of the regulation is necessary for the
12 immediate preservation of the orderly operation of the corporation's
13 programs. The resolution shall contain a statement of the facts consti-
14 tuting the emergency. Within 10 days after emergency action taken on a
15 regulation, the board shall give notice of the action in the manner
16 provided in (b) of this section for notice of proposed actions. No
17 adoption, amendment or repeal of a regulation under this subsection
18 shall remain in effect more than 120 days.

19 (d) The board shall make available to members of the public copies
20 of the corporation's regulations and shall file copies of the regula-
21 tions in the office of the lieutenant governor within 10 days following
22 any action taken on the regulations.

23 Sec. 44.63.100. DEVELOPMENT ADVISORY BOARD. (a) As soon as
24 practicable following the holding of the initial meeting of the board of
25 directors, the corporation shall establish a Development Advisory Board
26 to consider and advise the corporation upon matters concerning the
27 planning and development of, and provisions of services and facilities
28 in, the capital city area.

29 (b) The advisory board shall meet regularly at least four times a

1 year, and shall also meet with the board of directors of the corporation
2 at least once each year.

3 (c) In appointing the members of the advisory board, the board of
4 directors shall consider representation of the interests of municipal-
5 ities of the state, other public and private interests, state agencies,
6 and public or private organizations, groups or entities which the board
7 of directors considers to be significantly affected by the relocation of
8 the capital of the state.

9 (d) The members of the advisory board serve at the pleasure of the
10 board of directors without compensation, but shall be reimbursed for
11 their actual and necessary expenses incurred in the performance of their
12 duties as members of the board.

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

15 Sec. 44.63.110. PURPOSES OF THE CORPORATION. The purposes of the
16 corporation are to assure 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 Matanuska-
29 Susitna Borough and to the social, economic and environmental conditions

1 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 Sec. 44.63.120. POWERS OF THE CORPORATION. In addition to other
8 powers granted by law and in furtherance of the purposes established in
9 sec. 110 of this chapter, the corporation may

10 (1) sue and be sued;

11 (2) adopt and alter an official seal;

12 (3) adopt, amend or repeal bylaws and, subject to agreements
13 with noteholders or bondholders, procedures for the development of its
14 programs, operations, properties and facilities;

15 (4) enter into contracts and other instruments, including
16 agreements with public agencies, necessary or convenient for the exer-
17 cise of its powers under this chapter;

18 (5) enter into leases and agreements with the state with
19 respect to state buildings or other property and pledge or assign all
20 rights under the leases and agreements to secure the payment of bonds,
21 notes or other obligations issued to finance the cost of the state
22 buildings or property, but only if and to the extent an officer of the
23 state is authorized by law to enter into a specific lease of, or other
24 agreement with respect to, state buildings or other property of the
25 state with the corporation and only if the state buildings or other
26 property have not been financed with the proceeds of general obligation
27 bonds of the state;

28 (6) acquire, hold, use, lease, sell, mortgage or otherwise
29 encumber or dispose of property of any kind, real, personal or mixed, or

1 any interest in it;

2 (7) establish terms and conditions for the acquisition or
3 disposal of its property, including, without limitation, terms and
4 conditions designed to provide incentives for development of its proper-
5 ty, and, in that connection, loan money to any public agency or private
6 firm on any terms the corporation considers advisable for its corporate
7 purposes;

8 (8) 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 (9) manage or contract for the management of all or any part
13 of a development program or programs on the terms the corporation consi-
14 ders appropriate;

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

17 (11) adopt or impose land use and building restrictions,
18 architectural, design, and land use controls through covenants or decla-
19 rations on any real property owned by the corporation; include the
20 restrictions or controls in contracts, conveyances and agreements; and
21 cause the restrictions and controls, covenants or declarations to run
22 with the land by filing them for record in the appropriate recording
23 district;

24 (12) charge and collect fees and charges for the use of facil-
25 ities or services, and cause the fees and charges to become a lien on
26 and run with the land by means of covenants affecting the property which
27 are recorded in the appropriate recording district;

28 (13) plan, finance, develop, acquire, construct, reconstruct,
29 improve, operate, maintain, sell or otherwise dispose of structures,

1 appurtenances, systems and facilities under contractual or other ar-
2 rangements in connection with the general development plan, any specific
3 development plan, or with the purposes of this chapter;

4 (14) survey the real property within the capital city area;
5 undertake geological, environmental and other similar studies and anal-
6 yses of the property; and gather and disseminate all relevant informa-
7 tion pertaining to the suitability of any portion of the capital city
8 area for various land uses;

9 (15) make contracts, incur liabilities, borrow money at rates
10 of interest, maturities and on other terms and conditions that the
11 corporation may determine; issue its notes, bonds and other obligations,
12 whether negotiable or not, and whether tax exempt or not; and secure any
13 of its obligations by mortgage or pledge of all or any of its real or
14 personal property or any interest in the property, whether then owned or
15 thereafter acquired;

16 (16) pledge its fees, charges and other revenues and receipts,
17 and assign or pledge the leases or sales contracts on any of its real or
18 personal property, and the income received by virtue of any leases or
19 sales contracts, and, subject to the provisions of any contract with
20 noteholders or bondholders, consent to modifications of rate of in-
21 terest, time of payment of any installment of principal or interest,
22 security, or any other term of any mortgage, mortgage loan, mortgage
23 loan commitment, contract or agreement to which the corporation is a
24 party;

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

27 (18) accept gifts, grants or loans from any source;

28 (19) issue, in accordance with regulations adopted under this
29 chapter, certificates evidencing compliance with applicable covenants

1 relating to building use and occupancy;

2 (20) subject to any agreement with noteholders or bondholders,
3 enter into agreements to pay annual sums in lieu of taxes to a muni-
4 cipality in respect of any real property which is owned by the corpora-
5 tion and which is exempt from taxation under this chapter; and

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

9 ARTICLE 2. CAPITAL CITY DEVELOPMENT PLANS,
10 PROPERTY, MUNICIPAL AGREEMENTS AND CONTRACTS.

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

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

24 (2) a statement of the projected cost, number, nature and
25 generalized locations of facilities, including but not limited to,
26 governmental and institutional facilities relating to the functioning of
27 the capital city area as the new capital of the state, and a statement
28 of the method and approximate time period by which the facilities are to
29 be provided;

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

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

9 (5) additional statements or documentation as the corporation
10 considers necessary or appropriate.

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

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

26 (d) Following the completion of public hearings, the board of
27 directors shall adopt the general development plan, which may be ap-
28 proved with or without amendment from the proposed general development
29 plan, by at least two-thirds vote of the full membership of the board

1 and upon a finding that the general development plan is in accordance
2 with and furthers the purposes of this chapter. The general development
3 plan as so adopted is the controlling document and land use plan setting
4 out the major planning assumptions and objectives for the development of
5 the capital city area and shall be effective on the date the board
6 determines.

7 (e) Amendments to the general development plan may be made under
8 the same procedure set out in this section for approval of a general
9 development plan, except that the corporation shall hold at least one
10 public hearing with respect to the amendment and invite written comments
11 on it, before adoption of an amendment. Amendments to the general
12 development plan shall be effective on the date the board determines.

13 (f) The general development plan and any amendments shall be re-
14 corded in the appropriate recording district.

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

19 (1) a description of the area to be developed;

20 (2) a detailed and specific statement of the proposed uses
21 within the area to be developed, including proposed general locations of
22 all buildings and structures;

23 (3) a general description of the land use restrictions or
24 covenants to be placed on the area to be developed;

25 (4) a map of the existing and proposed transportation and
26 utility systems within the area;

27 (5) a statement of the methods by which the property within
28 the area may be disposed of;

29 (6) a statement of the relationship between the specific

1 development plan and the general development plan; and

2 (7) additional statements or documentation as the board
3 considers necessary or appropriate.

4 (b) Each specific development plan shall be approved or amended by
5 the board of directors and shall constitute the controlling document and
6 land use plan for the area to be developed. In acting upon a proposed
7 specific development plan, the board of directors shall be guided by the
8 purposes of this chapter 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 consi-
12 deration 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 appli-
17 cable to amendments to the general development plan under sec. 130(e) 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 (c) Specific development plans and any amendments shall be re-
28 corded in the appropriate recording district.

29 Sec. 44.63.150. RELATIONSHIP OF CORPORATION, THE STATE AND MUNI-

1 CIPALITIES. (a) In carrying out the purposes of this chapter, the
2 corporation shall work closely with, consult and cooperate with the
3 state, the Matanuska-Susitna Borough, and the capital city, and their
4 departments, agencies or instrumentalities.

5 (b) In addition to the agreement authorized by AS 29.18.610, the
6 corporation may enter into agreements with the capital city providing
7 that the city furnish, as necessary, for the capital city area included
8 in any development program which has not yet been completed, municipal
9 services as fixed in the agreements. The agreements may provide for
10 payment by the corporation to the city of the costs of these services on
11 the basis fixed in the agreements.

12 (c) In implementing the development program, the corporation may
13 enter into contractual agreements with any public agency for the fur-
14 nishing of any facilities or services necessary or desirable for the
15 development program, and the public agency may enter into these contrac-
16 tual agreements with the corporation and do all things necessary to
17 carry out its obligations under them.

18 (d) The corporation, on behalf of itself or in its own name on
19 behalf of any person performing work in connection with the general
20 development plan or any specific development plan, may file a master
21 application as provided in AS 46.35.030 in order to obtain required
22 permits. Upon filing a master application the corporation shall submit a
23 schedule setting out the date before which each permit required must be
24 issued in order to allow work to proceed in accordance with the plan.
25 Each permit shall be either granted or denied no later than 60 days
26 before the date submitted with the master application. If the permit is
27 neither granted nor denied, it shall be considered to have been granted
28 and may be revoked only with the prior approval of the governor. If a
29 permit is denied, the corporation may appeal the denial directly to the

1 governor who shall receive written submissions from the affected agency
2 and the corporation on an expedited basis and render a decision either
3 reversing the decision of the agency and granting the permit or up-
4 holding the decision of the agency. No permit may be denied on the
5 ground that the affected agency has not had a sufficient opportunity to
6 make tests, studies, evaluations or other investigations. The corpora-
7 tion and the Department of Environmental Conservation shall cooperate in
8 expediting the review process to the greatest possible extent by con-
9 solidating hearings and otherwise avoiding a multiplicity of written or
10 oral submissions. No agency may demand as a condition of commencing its
11 investigations that the corporation bear the agency's costs and expenses
12 in connection with the investigation. The corporation may amend the
13 master application at any time and may seek additional permits. The
14 corporation shall use its best efforts to fully cooperate with all
15 affected agencies and shall give all such agencies complete access to
16 the corporation's relevant documents and records. To the extent that
17 there is an inconsistency or conflict between the provisions of this
18 subsection and the Environmental Procedures Coordination Act (AS 46.35)
19 or with any other statute regarding the issuance of permits, the pro-
20 visions of this subsection shall control.

21 Sec. 44.63.160. ACQUISITION OF REAL PROPERTY. Upon making a
22 finding that it is necessary or convenient to acquire any real property,
23 or an interest in it, located in the capital city area, or any real
24 property located outside the capital city area, for the purpose of
25 providing water, sewer, road, airport or other utility or facility for
26 the capital city area, for its immediate or future use, the corporation
27 may acquire the property in any lawful manner, including the exercise of
28 the power of eminent domain under the provisions of AS 09.55.240 -
29 09.55.460. The corporation may, in its discretion, file a declaration

1 of taking and have title and right vest in it as provided in AS 09.55.-
2 440 and as otherwise provided by law.

3 Sec. 44.63.170. STATE LOANS. The commissioner of revenue may loan
4 to the corporation from surplus money in the general fund a sum not to
5 exceed \$153,000,000. Before any disbursement of the proceeds of the
6 loan, the commissioner of revenue, with the approval of the governor,
7 shall enter into a loan agreement with the corporation providing for the
8 terms of repayment of the loan over the period of years and at the rate
9 or rates of interest as may be fixed in the loan agreement. The loan
10 agreement may also provide for subordination of the terms of repayment
11 of the loan to notes or bonds of the corporation to be issued at a later
12 date or dates, and shall provide for (1) a periodic disbursement sche-
13 dule of the loan proceeds consistent with the progress of the general
14 development plan of the corporation during each fiscal year of the state
15 and consistent with the projected financial ability of the state to
16 disburse loan proceeds in each fiscal year, and (2) an annual or other
17 periodic review procedure by a committee consisting of the commissioner
18 of revenue and four commissioners of principal departments of state
19 government appointed by the governor to determine (A) whether the finan-
20 cial and economic projections contained in the general development plan
21 and specific development plans are being fulfilled, and (B) whether the
22 financial condition of the state will accommodate each annual loan
23 disbursement. The Legislative Budget and Audit Committee shall make the
24 same review provided for in the agreement and report its findings to the
25 committee. The loan agreement shall provide that the recommendations of
26 the committee, based on the determinations made by the committee, shall
27 govern the amount of each loan disbursement.

28 Sec. 44.63.180. DISPOSITION OF PROPERTY. (a) The corporation
29 shall adopt regulations for the sale, lease or other disposal of pro-

1 perty under this chapter. After adoption of regulations and of one or
2 more specific development plans, the corporation may sell, lease or
3 otherwise dispose of, all or any portion of the property encompassed by
4 the plans to any person, either public or private, upon the terms and
5 conditions it determines but only if the board of directors specifically
6 finds that the terms and conditions of the sale, lease or other disposal
7 arrangement are in substantial conformity with the plans. Before the
8 sale, lease or other disposal of any property by the corporation, public
9 notice of the intention of the corporation to do so shall be given by
10 publication of a general description of the terms at least 10 days
11 before the sale, lease or disposal in a newspaper of general circulation
12 in the Third Judicial District.

13 (b) Notwithstanding any other law and subject to any agreement
14 with noteholders or bondholders, any sale, lease or other disposal of
15 property may be made without public bidding or public sale, under a
16 negotiated contract, agreement or lease and containing any terms the
17 corporation determines to be necessary or desirable for the implementa-
18 tion of a specific development plan if public notice is given in accor-
19 dance with (a) of this section.

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

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

1 Sec. 44.63.200. CONSTRUCTION CONTRACTS. (a) The corporation
2 shall adopt regulations under this chapter establishing procedures for
3 entering into contracts for construction of facilities and improvements
4 on all or any part of any development program. The regulations shall
5 provide for procedures for issuing public requests for bids or proposals
6 including the establishment of qualifications for bidders for construc-
7 tion and may provide that (1) any construction contract awarded by the
8 corporation after bidding shall contain terms and conditions as the
9 corporation may fix; (2) the corporation may reject any or all bids if
10 in its sole judgment the business and technical organization, plant,
11 resources, financial standing or experience of the lowest bidder justi-
12 fies the rejection in view of the work to be performed; and (3) the
13 corporation may waive any informality in a bid if it believes that the
14 public interest will be promoted by the waiver. No construction con-
15 tract to which the corporation is a party is subject to the provisions
16 of AS 35.15 (construction procedures). The corporation's interest in
17 any real property is not subject to any claims under AS 34.35 (liens).
18 No construction contract may be entered into requiring the expenditure
19 of borrowed funds unless the funds are in the hands of the corporation.

20 (b) Notwithstanding the provisions of (a) of this section or any
21 other law, and subject to any agreement with noteholders or bondholders,
22 the corporation may adopt regulations providing that it may, when it
23 finds that the bid process of (a) of this section would impede implemen-
24 tation of a development program or would otherwise be detrimental to the
25 financial objectives underlying the development program, enter into a
26 construction contract for all or any part of a development program
27 without public bidding. The negotiated contract may contain any terms
28 the corporation considers necessary or desirable for the implementation
29 of the development program. No contract under this subsection except

1 contracts for personal services or contracts involving the expenditure
2 of less than \$20,000 may be entered into unless the corporation has
3 given public notice of its intention to enter into the contract at a
4 meeting at which the proposed contract is available for inspection and
5 an opportunity for members of the public to be heard is afforded.

6 Sec. 44.63.210. MONEY OF THE CORPORATION. (a) The legislative
7 auditor may examine all the accounts and books of the corporation and
8 all other records and papers relating to its financial standing. The
9 Legislative Budget and Audit Committee shall conduct an examination at
10 least once every two years or may accept an independent audit of the
11 corporation by a firm of certified public accountants made at the re-
12 quest of the corporation in satisfaction of the examination requirement.

13 (b) Any money of the corporation, including the proceeds of bonds
14 or notes not required for immediate use, may be invested in the same
15 manner and on the same conditions as permitted for the investment of
16 funds of the state or held in the treasury under AS 37.10.070. The
17 corporation may agree with bondholders or noteholders to further limit
18 investments.

19 (c) The corporation may contract with holders of any of its bonds
20 or notes as to the custody, collection, securing, investment and payment
21 of any money of the corporation or of any money held for the payment of
22 bonds or notes, and may carry out that contract. Money held for the
23 payment of bonds or notes or in any way to secure bonds or notes and
24 deposits of the money may be secured in the same manner as money of the
25 corporation, and all banks and trust companies may give security for
26 these deposits.

27 Sec. 44.63.220. TAX EXEMPTION. The interest of the corporation in
28 real and personal property of the corporation and its assets, income and
29 receipts are declared to be property of a political subdivision of the

1 state and shall be exempt from all taxes and special assessments of the
2 state or a political subdivision of the state. The interests of others
3 in real or personal property of the corporation are taxable by the
4 Matanuska-Susitna Borough and the capital city to the extent authorized
5 by law. All bonds of the corporation are issued by a political subdivi-
6 sion of the state and for an essential public and governmental purpose,
7 and the bonds, and the interest income on and from them, the transfer of
8 the bonds, and all assets, income and receipts pledged to pay or secure
9 the payment of the bonds, or interest on them, are exempt from taxation
10 except for estate taxes.

11 ARTICLE 3. CAPITAL DEVELOPMENT FINANCE.

12 Sec. 44.63.230. BONDS AND NOTES OF THE CORPORATION. (a) The
13 corporation may issue its bonds and notes in the principal amounts
14 which, in the opinion of the corporation, are necessary to provide
15 sufficient funds for carrying out any of its corporate purposes, in-
16 cluding but not limited to, the undertaking and completion of develop-
17 ment programs, the payment of interest on bonds and notes of the cor-
18 poration, the receipt of funds in anticipation of the sale of bonds of
19 the corporation, the refunding of bonds for the purpose of paying or
20 retiring bonds previously issued by it, the establishment of reserves to
21 secure such bonds or notes and all other expenditures of the corporation
22 incident to and necessary or convenient to carry out its corporate
23 purposes and powers. No bonds or notes may be issued by the corporation
24 unless the state bond committee (AS 37.15.110) files its written consent
25 to the issuance of the bonds or notes. The limitation in this subsec-
26 tion does not apply to the issuance of notes or other evidences of
27 indebtedness issued by the corporation under sec. 170 of this chapter.

28 (b) Principal and interest on bonds and notes issued by the cor-
29 poration may be payable

1 (1) exclusively from the income and receipts or other money
2 derived from the project financed with the proceeds of the bonds and
3 notes;

4 (2) exclusively from the income and receipts or other money
5 derived from designated projects whether or not they are financed in
6 whole or in part with the proceeds of the bonds or notes; or

7 (3) from its income and receipts or other assets generally,
8 or a designated part or parts of them.

9 (c) Bonds and notes shall be authorized by resolution of the board
10 of directors, and be dated and shall mature as the resolution may pro-
11 vide. Bonds and notes shall bear interest at the rate or rates, be in
12 the denominations, be in the form, carry the registration privileges,
13 have the rank and priority, be executed in the manner, be payable in the
14 medium of payment, at the place or places, and be subject to the terms
15 of redemption which the resolution or a subsequent resolution may pro-
16 vide.

17 (d) Bonds or notes of the corporation may be sold at the price, at
18 public or private sale, and in the manner as may be determined by the
19 corporation. The corporation may pay all expenses, premiums and com-
20 missions, and give any discounts which it considers necessary or advan-
21 tageous in connection with the issuance and sale of its bonds and notes.

22 (e) Issuance by the corporation of one or more series of bonds or
23 notes for one or more purposes does not prevent it from issuing other
24 bonds or notes in connection with the same development program or any
25 other development program, but the proceedings in which subsequent bonds
26 or notes are issued shall recognize and protect any prior pledge or
27 mortgage made for any prior issue of bonds or notes unless in the pro-
28 ceedings authorizing the prior issue the right is reserved to issue
29 subsequent bonds or notes on a parity with or superior to the prior

1 issue.

2 (f) The corporation may issue its bonds or notes for the purpose
3 of refunding any bonds or notes of the corporation then outstanding,
4 including the payment of any redemption premium and any interest accrued
5 or to accrue to the earliest or subsequent date of redemption, purchase
6 or maturity of the bonds or notes, and, if the corporation considers
7 advisable, for the additional purpose of paying all or any part of the
8 cost of undertaking, acquiring, constructing, reconstructing, or im-
9 proving a development program, or the making of a mortgage loan on a
10 development program. The corporation, in its discretion, may apply the
11 proceeds of any bonds or notes issued for the purpose of refunding
12 outstanding bonds or notes to the purchase or retirement at maturity or
13 redemption of the outstanding bonds or notes either on their earliest or
14 any subsequent redemption date, and, pending the application, may place
15 the proceeds in escrow to be applied to the purchase or retirement at
16 maturity or redemption at the date the corporation determines. Any
17 escrowed proceeds, pending their use, may be invested and reinvested in
18 obligations, securities and other investments as provided in the reso-
19 lution or resolutions authorizing the refunding bonds or notes. The
20 interest, income and profits, if any, realized on any such investment
21 may also be applied to the payment of the outstanding bonds or notes to
22 be refunded. After the terms of the escrow have been fully satisfied,
23 any balance of the proceeds, and interest, income and profits, if any,
24 earned or realized on the investments, may be returned to the corpora-
25 tion for its use. The bonds or notes shall be issued and secured and
26 shall be subject to the provisions of this chapter in the same manner
27 and to the same extent as any other bonds or notes issued under this
28 chapter.

29 (g) The resolution authorizing the issuance of bonds or notes may

1 contain provisions with respect to any of the matters referred to in
2 this section, as well as any other matters which in any way affect the
3 security or protection of the bonds or notes. The resolution may be
4 made a part of the contract with the holders of the bonds or notes.

5 Sec. 44.63.240. SECURITY FOR BONDS OR NOTES. (a) The principal
6 of and interest on any bonds or notes issued by the corporation may be
7 secured by a pledge of any revenues and receipts of the corporation and
8 may be secured by a mortgage or other instrument covering all or any
9 part of any real or personal property or all or any part of a develop-
10 ment program, including any additions, improvements, extensions to or
11 enlargements of any development program.

12 (b) Bonds or notes issued for the acquisition, construction,
13 reconstruction, or improvement of all or any part of a development
14 program may also be secured by assignment of a lease of, or sales con-
15 tract or mortgage on, all or any part of the development program and by
16 an assignment of the revenues and receipts derived by the corporation
17 from the lease, sales contract, or mortgage.

18 (c) The resolution under which the bonds or notes are authorized
19 to be issued and any mortgage, lease, sales contract, or other instru-
20 ment may contain agreements and provisions respecting the maintenance of
21 the development program or programs, the fixing and collection of rents
22 or other revenues, including money received in repayment of mortgage
23 loans and interest, the creation and maintenance of special funds from
24 rents or other revenues, and the rights and remedies available in the
25 event of default, as the corporation considers advisable.

26 (d) In connection with the issuance of bonds or notes, and in
27 order to further secure the payment of obligations, the corporation, in
28 addition to its other powers, may

29 (1) covenant against pledging all or a part of its rents,

1 receipts and other revenues, or against mortgaging all or a part of its
2 real or personal property, to which its right or title exists or may
3 come into existence or against permitting or suffering any lien on the
4 revenues or property or as to the use and disposition of the revenues;

5 (2) covenant with respect to limitations on its right to
6 sell, lease or otherwise dispose of personal or real property, improved
7 or unimproved, or any part of the property;

8 (3) covenant as to what other or additional debts or obliga-
9 tions may be incurred by it;

10 (4) covenant as to the bonds or notes to be issued and as to
11 the issuance of the bonds or notes in escrow or otherwise, and as to the
12 use and disposition of the proceeds of bonds or notes;

13 (5) provide for the replacement of lost, destroyed or muti-
14 lated bonds or notes;

15 (6) covenant against extending the time for the payment of
16 its bonds or interest on the bonds or notes;

17 (7) prescribe the procedure by which the terms of a contract
18 with bondholders or noteholders may be amended or abrogated, the amount
19 of bonds or notes the holders of which must consent, and the manner in
20 which the consent may be given;

21 (8) covenant as to the rights, liabilities, powers and duties
22 arising upon the breach by it of a covenant, condition, or obligation;
23 covenant and prescribe as to events of default and terms and conditions
24 upon which any or all of its bonds or notes shall become or may be
25 declared due before maturity; and covenant as to the terms and condi-
26 tions upon which this declaration and its consequences may be waived;

27 (9) vest in a trustee or trustees or the holders of bonds or
28 notes or a specified proportion of them, the right to enforce the pay-
29 ment of the bonds or notes or covenants securing or relating to the

1 bonds or notes;

2 (10) vest in one or more trustees the right, in the event of
3 a default by the corporation, to take possession of any real property or
4 improvements constituting all or any part of a development program, and
5 so long as the corporation continues in default to retain possession and
6 to use, operate and manage the real property and improvements, to col-
7 lect the rents and revenues, and to dispose of the money according to an
8 agreement between the corporation and the trustees;

9 (11) provide for the powers and duties of the trustees, and
10 limit the liability of the trustees;

11 (12) provide the terms and conditions upon which the trustee
12 or trustees or the holders of bonds or notes, or portions of bonds or
13 notes, may enforce a covenant or right securing or relating to the bonds
14 or notes; and

15 (13) make covenants other than and in addition to the cove-
16 nants expressly authorized in this subsection, of like or different
17 character, and make covenants to do or refrain from doing acts and
18 things as may be necessary, or convenient and desirable, in order to
19 better secure bonds or notes or which, in the discretion of the corpor-
20 ation, will tend to make bonds or notes more marketable, notwithstanding
21 that the covenants, acts or things may not be enumerated in this sub-
22 section.

23 (e) Each pledge, agreement, mortgage or other instrument made for
24 the benefit or security of any of the bonds or notes of the corporation
25 shall continue to be effective until the principal of and interest on
26 the bonds or notes are fully paid, or until provision is made for pay-
27 ment in the manner provided in the resolution or resolutions under which
28 the bonds or notes are authorized. The pledge of assets or revenues of
29 the corporation to the payment of the principal or interest on any bonds

1 or notes is valid and binding from the time the pledge is made, and the
2 assets or revenues are immediately subject to the lien of the pledge
3 without physical delivery or further act. The lien of any pledge is
4 valid and binding against all parties having claims of any kind in tort,
5 contract or otherwise against the corporation, irrespective of whether
6 those parties have notice of the lien of the pledge.

7 (f) The corporation may provide in any proceedings under which
8 bonds or notes may be authorized that all or any part of a development
9 program may be constructed, reconstructed or improved by the corpora-
10 tion, any lessee, or any purchaser from or any designee of the corpora-
11 tion, and may also provide in the proceedings for the time and manner of
12 and requisites for disbursements to be made for the cost of the con-
13 struction, and for all such certificates and approvals of construction
14 and disbursement as the corporation considers necessary and provides for
15 in the proceedings.

16 (g) If the corporation considers it advisable, the corporation may
17 retain, in the proceedings under which any of its bonds or notes are
18 authorized to be issued, an option to redeem all or any part of the
19 bonds or notes as specified in the proceedings, at the price or prices,
20 after any notice or notices, and on the terms and conditions as are set
21 out in the proceedings and as are stated on the face of the bonds or
22 notes. Nothing in this subsection shall be construed to give the cor-
23 poration any right or option to redeem any bonds or notes except as is
24 provided in the proceedings under which they are issued.

25 Sec. 44.63.250. RESERVE FUNDS. (a) To assure the continued
26 operation and solvency of the corporation for the carrying out of the
27 public purposes of this chapter, the corporation may establish one or
28 more reserve funds to be known as debt service reserve funds and may pay
29 into these reserve funds (1) any proceeds of sale of bonds and notes to

1 the extent provided in the resolution of the corporation authorizing
2 their issuance, and (2) any other money which is available to the cor-
3 poration, for the purposes of the funds, from the state or from any
4 other source or sources. The money held in or credited to a debt ser-
5 vice reserve fund established under this section, except as otherwise
6 provided, shall be used solely for the payment of the principal of bonds
7 of the corporation secured by the reserve fund as the bonds mature, the
8 purchase of the bonds of the corporation, the payment of interest on the
9 bonds of the corporation, or the payment of any redemption premium
10 required to be paid when the bonds are redeemed before maturity. Money
11 in a debt service reserve fund may not be withdrawn from the fund in an
12 amount which would reduce the amount of the fund to less than the re-
13 quired debt service reserve, except for the purpose of paying principal
14 and interest on the bonds of the corporation secured by the reserve fund
15 maturing and becoming due and for the payment of which other money of
16 the corporation is not available. Any income or interest earned by, or
17 increment to, a debt service reserve fund may be transferred to any
18 other fund or account of the corporation to the extent it does not
19 reduce the amount of the debt service reserve fund below the required
20 debt service reserve. As used in this section, "required debt service
21 reserve" means, as of the date of computation, the amount required to be
22 on deposit in the reserve fund as provided by resolution of the cor-
23 poration.

24 (b) The corporation may not issue bonds unless there is in the
25 reserve fund the required debt service reserve for all bonds then issued
26 and outstanding and for the bonds to be issued unless the corporation,
27 at the time of issuance of the bonds, deposits in the reserve fund from
28 the proceeds of the bonds to be issued, or otherwise, an amount which
29 together with the amount then in the reserve fund will be not less than

1 the required debt service reserve.

2 (c) In order to further assure the maintenance of the required
3 debt service reserve, there may be annually paid by the state to the
4 corporation for deposit in each debt service reserve fund a sum certi-
5 fied by the chairman of the board of directors to the governor as neces-
6 sary to restore the reserve fund to the required debt service reserve.
7 The chairman of the board of directors shall annually, on or before
8 January 1, make and deliver to the governor and to the chairmen of the
9 house and senate finance committees, his certificate stating the sum
10 required to restore each debt service reserve fund to the required debt
11 service reserve, and the sum may be appropriated by the legislature and
12 paid to the corporation during the then current state fiscal year.
13 Nothing in this subsection creates a debt or liability of the state.

14 (d) In computing any debt service reserve fund for the purposes of
15 this section, securities in which all or a portion of the reserve fund
16 are invested shall be valued at par, or if purchased at less than par,
17 at their cost to the corporation.

18 (e) Whenever the corporation has established a debt service re-
19 serve fund, the commissioner of revenue may lend surplus money in the
20 general fund to the corporation for deposit in a debt service 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 corporation, 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 debt service reserve fund are no longer outstanding.

27 (f) The corporation may establish additional reserves or other
28 funds or accounts as may be, in its discretion, necessary, desirable, or
29 convenient to further the accomplishment of its purposes or to comply

1 with the provisions of any of its agreements or resolutions.

2 Sec. 44.63.260. AGREEMENTS OF THE STATE WITH RESPECT TO BONDS.

3 The state pledges to and agrees with the holders of any bonds or notes
4 issued under this chapter, that the state will not limit or alter the
5 rights vested in the corporation to fulfill the terms of any agreements
6 made with the holders of the bonds or notes, or in any way impair the
7 rights and remedies of the holders until the bonds or notes, together
8 with interest, with interest on any unpaid installments of interest, and
9 all costs and expenses in connection with any action or proceeding by or
10 on behalf of the holders, are fully met and discharged. The corporation
11 may include this pledge and agreement of the state in any agreement with
12 the holders of bonds or notes.

13 Sec. 44.63.270. CREDIT OF STATE NOT PLEDGED. The bonds or notes
14 of the corporation do not constitute a debt, liability or obligation of
15 the state or any political subdivision of the state, and each bond or
16 note shall so state on its face. The obligations of the corporation are
17 payable solely from the pledged funds and properties of the corporation,
18 and the corporation may not pledge the faith and credit or the taxing
19 power of the state or of any political subdivision of the state to the
20 payment of any principal or interest on any obligation of the cor-
21 poration. Bonds and notes of the corporation do not constitute a debt,
22 indebtedness or the borrowing of money within the meaning of any limi-
23 tation or restriction on the issuance of bonds contained in the consti-
24 tution or laws of the state.

25 Sec. 44.63.280. BONDS AND NOTES AS LEGAL INVESTMENTS. The bonds
26 and notes of the corporation are securities in which all public offi-
27 cers, bodies, and municipalities of the state, all insurance companies
28 and associations, and other persons carrying on an insurance business,
29 all banks, trust companies, savings banks and savings associations,

1 investment companies and other persons carrying on a banking business,
2 all administrators, guardians, executors, trustees and other fiduci-
3 aries, and all other persons who are authorized to invest in bonds or
4 other obligations of the state may properly and legally invest funds
5 including capital in their control or belonging to them.

6 ARTICLE 4. GENERAL PROVISIONS.

7 Sec. 44.63.290. EXECUTIVE BUDGET ACT. The corporation is not
8 subject to the provisions of the Executive Budget Act (AS 37.07).

9 Sec. 44.63.300. ANNUAL BUDGET. The board of directors shall
10 review and approve, by a two-thirds vote of members of the board, the
11 annual operational and capital program and budget for the corporation
12 and may, by two-thirds vote, amend the program and budget. No corporate
13 funds may be expended or money borrowed except in accordance with an
14 approved annual operational or capital program and budget.

15 Sec. 44.63.310. ANNUAL REPORT. The corporation shall submit to
16 the governor, the Legislative Budget and Audit Committee, and the com-
17 mittee established by sec. 170 of this chapter, within three months
18 after the end of the corporation's fiscal year, a complete financial
19 report audited by a certified public accountant or firm of certified
20 public accountants, which shows

21 (1) its receipts and expenditures during its fiscal year;
22 (2) its assets and liabilities at the end of its fiscal year,
23 including a schedule of its leases and mortgages and the status of
24 reserve, special and other funds; and

25 (3) a schedule of its bonds and notes outstanding at the end
26 of its fiscal year, together with a statement of the amounts redeemed
27 and incurred during its fiscal year, and which also sets out statements
28 in detail of

29 (A) the progress of fulfillment of the financial and

1 economic projections contained in the general development and
2 specific development plans, and

3 (B) its operations and accomplishments and any material
4 problems encountered in implementing the development plan.

5 Sec. 44.63.320. CONFLICTS OF INTEREST. No director or employee of
6 the corporation or member of the advisory board may participate in any
7 decision of the corporation relating to a private firm in which he has a
8 direct or indirect financial interest.

9 Sec. 44.63.330. LIMITATION OF LIABILITY. No person executing a
10 bond or note of the corporation is liable personally on such obligations
11 by reason of their issuance.

12 Sec. 44.63.340. TERMINATION OF CORPORATION. The corporation shall
13 continue until (1) it determines that its general development plan has
14 been completed; or (2) the capital city attains a population of 37,500
15 as certified by the Department of Community and Regional Affairs, which-
16 ever occurs first. Not later than one year before the anticipated
17 occurrence of either, the corporation shall recommend to the legislature
18 whether its existence shall continue beyond either of the events for
19 further development of the capital city, and the terms and conditions of
20 the corporation's proposed continued existence. The legislature shall
21 review the question of the existence of the corporation not later than
22 the year 2010 if it has not earlier done so in connection with either of
23 the events. No law which terminates the corporation's existence or
24 materially alters its powers in a manner which adversely affects its
25 capacity to repay bonds, notes or other obligations outstanding may take
26 effect so long as any bonds, notes or obligations remain outstanding,
27 unless adequate provision has been made for their payment as provided in
28 the documents securing them. Upon the adoption of a resolution to
29 terminate its existence in accordance with this section at a meeting

1 held in accordance with the procedure set out in sec. 90(b) of this
2 chapter for adoption or repeal of a regulation, all of the rights,
3 properties and assets of the corporation shall pass to and be vested in
4 the state except that adequate provision shall be made for all out-
5 standing liabilities.

6 Sec. 44.63.350. DEFINITIONS. In this chapter, unless the context
7 requires otherwise,

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

10 (2) "capital city" means the municipality created under AS
11 29.18.500 - 29.18.660;

12 (3) "corporation" means the Alaska Capital City Development
13 Corporation created by sec. 10 of this chapter;

14 (4) "advisory board" means the Development Advisory Board
15 created under sec. 100 of this chapter;

16 (5) "development program" means one or more works, under-
17 takings or improvements (surface, subsurface, or overhead) or buildings
18 constructed, reconstructed, or improved or to be constructed, recon-
19 structed, or improved by the corporation within the capital city area,
20 under one or more specific development plans, as the corporation con-
21 siders necessary or appropriate;

22 (6) "facility" means any utility or infra-structure plant and
23 any system or improvement, whether used or useful for residential,
24 educational, commercial, institutional, community, private, semi-private
25 or public purposes, including, without limitation, facilities such as
26 roads and public transportation systems, parks and recreational facili-
27 ties, water, sewer and drainage systems, electric, telephone and other
28 energy or communications systems or utilities and health, educational
29 and community facilities, and private facilities such as housing, com-

1 commercial and industrial enterprises, in each case of whatever kind or
2 character and under whatever form of ownership, and all necessary real
3 or personal property;

4 (7) "improved real property" means land on which there are
5 structures to be used for purposes under the general development plan
6 and land used in connection with the structures;

7 (8) "real property" or "land" includes any right, title or
8 interest in real property of any kind, including, but without limita-
9 tion, land under water and subsurface or air rights separated from
10 surface rights;

11 (9) "municipality" means a home rule or general law city or
12 borough including but not limited to the capital city and a unified
13 municipality organized under AS 29.68.240 - 29.68.440;

14 (10) "private firm" means any private person, partnership,
15 corporation, foundation, trust, or other business entity whether orga-
16 nized for profit or not for profit;

17 (11) "public agency" means any officer, department, board,
18 commission, bureau, division, public corporation, agency or instru-
19 mentality of the state, the United States, or any municipality.

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

21 ARTICLE 5. CAPITAL CITY INCORPORATION.

22 Sec. 29.18.500. LEGISLATIVE FINDINGS. The legislature finds that

23 (1) the relocation of the capital site of the State of Alaska
24 to the capital city area, as mandated by the people of the state, and
25 incorporation of a municipality encompassing the capital city area in
26 order to implement that relocation are subjects of special concern;

27 (2) there is a need for a municipality encompassing the
28 capital city area, before the arrival of any resident population, in
29 order to participate in the planning and development of the capital city

1 area, apply for grants, loans, technical assistance or other available
2 forms of aid, negotiate and enter into cooperative agreements with other
3 governmental entities, and prepare to provide services to the antici-
4 pated population;

5 (3) the present absence of a resident population and the
6 projected arrival of a large resident population at the capital city
7 area create unique circumstances requiring the creation of a special
8 governmental framework to prepare for the initial governance of the
9 capital city area;

10 (4) it is in the best interest of the citizens of the state
11 to incorporate a capital city in the capital city area at this time and
12 to invest it with the powers and duties specified by law to assure a
13 well-planned and well-governed community; and

14 (5) there is no generally applicable statute which would
15 adequately carry out the purposes of this chapter.

16 Sec. 29.18.510. INCORPORATION. There is created and incorporated
17 a city of the state as the capital city of Alaska which is a city of the
18 second class within the Matanuska-Susitna Borough. The name of the city
19 shall be determined in accordance with AS 44.06.170. No action of the
20 Local Boundary Commission (AS 44.19.250 - 44.19.340) is required in
21 connection with the incorporation of the capital city under this chap-
22 ter. The residents of the capital city may petition to change the
23 classification of the capital city as a municipality in the manner
24 provided by law; however, the capital city may not dissolve without the
25 approval of the governor and the legislature.

26 Sec. 29.18.520. BOUNDARIES. The boundaries of the capital city
27 shall include all of that area of land designated by the voters of
28 Alaska as the new capital site of the state. No change in boundaries by
29 local action is effective without the approval of the legislature and

1 the governor.

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

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

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

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

28 Sec. 29.18.550. APPOINTMENT OF CITY OFFICIALS. (a) Until a mayor
29 is elected in accordance with sec. 570 of this chapter, the council

1 shall appoint a city manager for the capital city to serve at the
2 pleasure of the council. The city manager may not be a council member.

3 (b) Except to the extent that the council assigns functions or
4 duties to the other city officials, and except that the city manager may
5 neither preside nor vote at council meetings, the city manager has the
6 powers and duties of all executive and administrative city officials set
7 out in this title.

8 (c) The council may appoint additional city officials who shall
9 assume the duties specified by ordinance.

10 Sec. 29.18.560. PROCEDURES. Until council members elected by the
11 residents of the capital city take office as provided in sec. 570 of
12 this chapter,

13 (1) the council shall meet at least once every month, at the
14 location of its choice, unless otherwise provided by ordinance; special
15 meetings may be held on the call of the chairman or two council members
16 upon not less than 24 hours written or oral notice communicated to each
17 member;

18 (2) the council shall determine its own rules and provide for
19 keeping a journal of its proceedings;

20 (3) three council members constitute a quorum and three
21 affirmative votes are required for the passage of an ordinance, resolu-
22 tion, or motion;

23 (4) the final vote on each ordinance, resolution, or sub-
24 stantive motion shall be a recorded roll call vote; all council members
25 present shall vote unless the council, for special reasons, permits a
26 member to abstain;

27 (5) whenever the council is required by law to provide public
28 notice or to publish notice in a newspaper of general circulation within
29 the municipality, that element of notice shall be satisfied if

1 (A) the notice is published in a newspaper of general
2 circulation in the Matanuska-Susitna Borough, and

3 (B) when the notice is given in connection with a
4 planned public hearing in a municipality outside the Matanuska-
5 Susitna Borough, if the notice is also published in a newspaper of
6 general circulation in that municipality.

7 Sec. 29.18.570. TRANSITION. (a) When the capital city attains a
8 population of 25 permanent residents, as certified by the lieutenant
9 governor based on the best information available, the lieutenant gover-
10 nor shall notify the council of this determination. The lieutenant
11 governor shall specify an election date which shall be the first Tuesday
12 of October following the notification, except that if it is less than
13 six months from the date of the certification to the first Tuesday of
14 October then the election date shall be the first Tuesday of October of
15 the year following. The elected members shall take office on the Monday
16 following the election.

17 (b) After the lieutenant governor has specified the election date,
18 the council shall make arrangements for an election at which five coun-
19 cil members shall be elected in the manner prescribed by ordinance. The
20 expenses of the election shall be borne by the state. The council of
21 the capital city shall have seven members. The governor shall designate
22 two council members holding office on the date of the election to remain
23 members of the council for a two-year term commencing on the date the
24 elected council members take office. The successors to the appointed
25 council members shall be elected by the residents, except that if either
26 of the appointed council members leaves office during the two years, the
27 governor may appoint a successor. The terms of all other appointed or
28 designated council members expire when the elected council members take
29 office. The council shall by ordinance adopted before the election

1 provide for the manner of nominating candidates for office and for the
2 election procedures. The term of elected council members is two years;
3 however, three of the members are elected for an initial term of one
4 year and the remainder for two years. A mayor shall be chosen from
5 among the members of the council in the manner provided by law and
6 ordinance.

7 Sec. 29.18.580. POWERS. The capital city is a second class city
8 and, except as otherwise provided in this chapter, has all of the powers
9 of a second class city.

10 Sec. 29.18.590. PUBLIC SCHOOLS. Payments to fund the annual cost
11 of repayment of principal, and accrued interest, obligated by the bor-
12 ough for construction of public schools included in the general develop-
13 ment plan in the capital city area shall, to the extent appropriated
14 funds are available for this purpose, be made to the borough by the
15 state in each year at the times necessary for the borough to meet its
16 applicable repayment dates. The capital costs, in the amounts and when
17 required in accordance with the general and applicable specific develop-
18 ment plans, shall be provided to the borough by the state with the
19 proceeds of general obligation bonds.

20 Sec. 29.18.600. TAXING POWER. So long as it is a second class
21 city, the capital city may by referendum levy real and personal property
22 taxes at a rate not to exceed the maximum rate then permitted by law for
23 first class cities.

24 Sec. 29.18.610. PLANNING AND ZONING AUTHORITY. The capital city
25 and the Matanuska-Susitna Borough shall, within nine months after incor-
26 poration of the capital city, enter into an agreement by which the
27 capital city shall exercise the planning, zoning, building and housing
28 code powers and functions it considers necessary and desirable in order
29 to assure coordination with and preservation of the general development

1 plan and specific development plans. The agreement shall consider the
2 need and desirability for coordination among the development corpora-
3 tion, the capital city, and the borough, and shall provide for a sharing
4 of planning, zoning, building and housing code powers and functions
5 between the capital city and the borough which ensures an orderly de-
6 velopment of the general development plan and specific development plans
7 and a maximum of control by the residents of the capital city over local
8 community development and affairs, consistent with the general regional
9 concerns of the borough. The development corporation may be a party to
10 this agreement. The general development plan and specific development
11 plans constitute the land use plan for the capital city area and super-
12 sede all planning, zoning, subdivision, building code, or other similar
13 enactments of the Matanuska-Susitna Borough in the capital city area
14 until each given parcel of land has been conveyed to a private owner and
15 has been developed in accordance with the applicable general or specific
16 development plan.

17 Sec. 29.18.620. TRANSFER OF UTILITIES TO CAPITAL CITY. The de-
18 velopment corporation, in cooperation with the capital city, shall
19 arrange for and agree to an orderly schedule for transferring to the
20 capital city ownership of, and financial and operational responsibility
21 for utilities and any other facilities which the development corporation
22 considers to be integral parts of the capital city infra-structure.
23 Before January 1, 1985, the development corporation and the council of
24 the capital city shall jointly retain independent consultants to study
25 and determine an orderly schedule for transfer of these utilities and
26 facilities to the capital city. The study shall consider the capabili-
27 ties of the capital city and its existing and anticipated residents to
28 finance the cost of these utilities and other facilities and their
29 operating expenses. The consultants shall propose a recommended sche-

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

21 Sec. 29.18.640. APPLICABILITY OF OTHER PROVISIONS OF LAW. All
22 applicable provisions of law consistent with the provisions of this
23 article apply to the capital city. When there is an inconsistency
24 between secs. 500 - 660 of this chapter and any other provision of law,
25 the provisions of secs. 500 - 660 of this chapter prevail. The provi-
26 sions of secs. 520, 580, 610, 620 and 630 of this chapter authorizing
27 agreements to be entered into by the capital city and limiting boundary
28 changes and action of the Matanuska-Susitna Borough shall continue in
29 effect notwithstanding a change in the municipal classification of the

1 capital city or the adoption of a home rule charter.

2 Sec. 29.18.650. DEFINITIONS. In secs. 500 - 660 of this chapter,
3 unless the context requires otherwise,

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

6 (2) "capital city" means the municipality incorporated by
7 this chapter;

8 (3) "development corporation" means the Alaska Capital City
9 Development Corporation (AS 44.63.010);

10 (4) "general development plan" means the plans prepared by
11 the development corporation in accordance with AS 44.63.130 including
12 amendments;

13 (5) "specific development plans" means the plans prepared by
14 the development corporation in accordance with AS 44.63.140 including
15 amendments.

16 Sec. 29.18.660. SHORT TITLE. Sections 500 - 660 of this chapter
17 may be cited as the Capital City Incorporation Act.

18 * Sec. 3. AS 18.56.210 is amended by adding a new paragraph to read:

19 (13) "underdeveloped area" includes, in addition to those
20 areas described in (12) of this section, the capital city area as de-
21 fined in AS 29.18.520 until its population exceeds 37,500 as determined
22 by the Department of Community and Regional Affairs.

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

24 (i) All references to the "reserve fund" in this section include
25 special accounts within the reserve fund which may be created by the
26 authority to secure the payment of particular bonds, including, without
27 limitation, bonds issued by the capital city established under AS 29.-
28 18.510. The commissioner of revenue may lend surplus money in the
29 general fund to the authority for deposit to any account in the reserve

1 fund in an amount equal to the required debt service reserve. The loans
2 shall be made on such terms and conditions as may be agreed upon by the
3 commissioner of revenue and the authority, including, without limita-
4 tion, terms and conditions providing that the loans need not be repaid
5 until the obligations of the corporation secured and to be secured by
6 the account in the reserve fund are no longer outstanding.

7 * Sec. 5. The commissioner of revenue may loan an amount not to exceed
8 \$96,200,000 from surplus money in the general fund to the Alaska State
9 Housing Authority (AS 18.55.010 - 18.55.290) for the purpose of providing
10 housing for persons of lower income in the capital city area. The amounts
11 loaned shall be used by the authority for that purpose in accordance with the
12 provisions of AS 18.55.300 - 18.55.370. The loan or loans by the commis-
13 sioner of revenue to the authority shall be made at the rate or rates of
14 interest and upon the terms and conditions as the commissioner of revenue and
15 the authority may agree upon.

16 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).
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