

Original sponsor: State Affairs Committee

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1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 553

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; and providing for an effective
8 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 public corporation with
15 the powers set out in this chapter to assure that

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

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

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

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

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

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

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

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

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

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

23 ARTICLE 2. ESTABLISHMENT OF CORPORATION; POWERS.

24 Sec. 44.63.020. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

25 There is created the Alaska Capital City Development Corporation. The
26 corporation is a public corporation and governmental instrumentality of
27 the state within the Department of Commerce and Economic Development,
28 but has a legal existence independent of and separate from the state.
29 The exercise by the corporation of the powers conferred by this chapter

1 is considered an essential governmental function of the state.

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

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

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

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

25 (e) Until appointment by the governor of the full board of direc-
26 tors and the holding of the initial meeting, the New Capital Site Plan-
27 ning Commission (AS 44.06.200 - 44.06.260) shall govern the corporation
28 as the board of directors. However, the legislative members of the
29 commission serve solely in an advisory capacity. The members of the

1 commission acting as the board of directors of the corporation shall
2 have the voting rights fixed in AS 44.06.210 for commission members.

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

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

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

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

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

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

29 (c) The executive director, with the approval of the board, may

1 employ additional staff, and may retain others considered necessary or
2 appropriate to carry out the purposes of the corporation.

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

5 (e) Consultants and contractors shall be hired in accordance with
6 the provisions of AS 36.10.010, unless, in the judgment of the board, it
7 would impede the scheduled implementation of the general development
8 plan or any specific development plan.

9 Sec. 44.63.080. OTHER EMPLOYMENT OF DIRECTORS PERMITTED. A direc-
10 tor may hold any position of public or private employment while serving
11 on the board of directors.

12 Sec. 44.63.090. MEETINGS. (a) Meetings of the board of directors
13 are governed by the provisions of AS 44.62.310 and 44.62.312; in all
14 other respects the Administrative Procedure Act (AS 44.62) does not
15 apply to this chapter, except as provided in sec. 100(e) of this chap-
16 ter.

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 as provided in this section.

24 (b) Except as provided in (c) of this section, at least 15 days
25 before taking any action on a regulation, the board shall give public
26 notice of the proposed action by publishing the notice in at least three
27 newspapers of general circulation in Anchorage, Fairbanks and Juneau,
28 and by mailing a copy of the notice to every person who has filed a
29 request for notice of proposed regulations with the corporation. The

1 public notice shall include a statement of the time, place and nature of
2 the proceedings and shall include an informative summary of the proposed
3 subject of the regulations. At the time and place designated in the
4 notice, the board shall give each interested person or his authorized
5 representative, or both, a reasonable opportunity to present oral testi-
6 mony. The board shall consider all relevant matter presented to it
7 before taking any action on a regulation. The board may continue or
8 postpone the hearing to the time and place which it determines. A
9 regulation which is adopted, amended or repealed may vary in content
10 from the informative summary specified in this subsection if the subject
11 matter of the regulation remains the same and the original notice is
12 sufficient to assure that members of the public are reasonably notified
13 of the proposed subject of the board's action in order for them to
14 determine whether their interests could be affected by the board's
15 action on that subject.

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

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

1 (e) The adoption, amendment or repeal of regulations by the board
2 is subject to review in accordance with AS 24.20.400 - 24.20.460 and AS
3 44.62.320.

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

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

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

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

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

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

- 28 (1) sue and be sued;
29 (2) adopt and alter an official seal;

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

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

6 (5) enter into leases and agreements with the state with
7 respect to state buildings or other property and pledge or assign all
8 rights under the leases and agreements to secure the payment of bonds,
9 notes or other obligations issued to finance the cost of the state
10 buildings or property, but only if and to the extent an officer of the
11 state is authorized by law to enter into a specific lease of, or other
12 agreement with respect to, state buildings or other property of the
13 state with the corporation and only if the state buildings or other
14 property have not been financed with the proceeds of general obligation
15 bonds of the state;

16 (6) acquire, hold, use, lease, mortgage, sell or otherwise
17 encumber or dispose of property of any kind, real, personal or mixed, or
18 any interest in it;

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

25 (8) prepare or contract for the preparation of studies,
26 analyses, specifications, designs and estimates of cost for the con-
27 struction, development, reconstruction or improvement of any property
28 within the capital city area;

29 (9) manage or contract for the management of all or any part

1 of a development program or programs on the terms the corporation con-
2 siders appropriate;

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

5 (11) adopt or impose land use and building restrictions,
6 architectural, design, and land use controls through covenants, decla-
7 rations, or otherwise in furtherance of the purpose of this chapter on
8 any real property owned by the corporation; include the restrictions or
9 controls in contracts, conveyances and agreements; and cause the re-
10 strictions and controls, covenants or declarations to run with the land
11 and bind all future owners of the land by filing them for record in the
12 appropriate recording district;

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

20 (13) plan, finance, develop, acquire, construct, reconstruct,
21 improve, operate, maintain, sell or otherwise dispose of structures,
22 appurtenances, systems and facilities under contractual or other ar-
23 rangements in connection with the general development plan, any specific
24 development plan, or with the purposes of this chapter;

25 (14) survey the real property within the capital city area;
26 undertake geological, environmental and other similar studies and anal-
27 yses of the property; and gather and disseminate all relevant informa-
28 tion pertaining to the suitability of any portion of the capital city
29 area for various land uses;

1 (15) make contracts, incur liabilities, borrow money at rates
2 of interest, maturities and on other terms and conditions that the
3 corporation may determine; issue its notes, bonds and other obligations,
4 whether negotiable or not, and whether tax exempt or not; and secure any
5 of its obligations by mortgage or pledge of all or any of its real or
6 personal property or any interest in the property, whether then owned or
7 thereafter acquired;

8 (16) pledge its fees, charges and other revenues and receipts,
9 and assign or pledge the lease or leases or sales contracts on any
10 portion or all of its real or personal property, and the income received
11 by virtue of any lease or leases or sales contracts, and, subject to the
12 provisions of any contract with noteholders or bondholders, consent to
13 modifications of rate of interest, time of payment of any installment of
14 principal or interest, security, or any other term of any mortgage,
15 mortgage loan, mortgage loan commitment, contract or agreement to which
16 the corporation is a party;

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

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

20 (19) enter into agreements with any public agency to carry out
21 the purposes of this chapter;

22 (20) issue, in accordance with regulations adopted under this
23 chapter, certificates evidencing compliance with applicable covenants
24 relating to building, use and occupancy;

25 (21) subject to any agreement with noteholders or bondholders,
26 enter into agreements to pay annual sums in lieu of taxes to a munici-
27 pality in respect of any real property which is owned by the corporation
28 and which is exempt from taxation under this chapter; and

29 (22) do any and all things necessary or convenient to carry

1 out the purposes of this chapter and exercise the powers granted in this
2 chapter.

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

5 Sec. 44.63.130. FORMULATION AND PROCEDURE FOR OBTAINING APPROVAL
6 OF DEVELOPMENT PLANS. (a) The corporation shall prepare a general
7 development plan for the capital city area. The general development
8 plan shall be based on the initial and proposed overall site specific
9 development plan submitted to the legislature by the New Capital Site
10 Planning Commission under AS 44.06.230(j) and as modified by sec. 6 of
11 this Act, and, in addition, shall include but not be limited to the
12 following elements:

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

19 (2) a statement of the projected cost, number, nature and
20 generalized locations of facilities, including but not limited to,
21 governmental and institutional facilities relating to the functioning of
22 the capital city area as the new capital of the state, public transpor-
23 tation and major arterial street systems, parks and recreational facil-
24 ities, water, sewer and drainage systems, electric, telephone and other
25 energy or communications systems or utilities, and health, educational
26 and community facilities, and a statement of the method and approximate
27 time period by which the facilities described in this paragraph are to
28 be provided;

29 (3) a statement of the approximate projected time schedule

1 for the stages of development of the capital city area, both as to
2 various parts of the capital city area and as to the various types or
3 categories of land uses proposed;

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

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

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

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

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

1 with and furthers the purposes of this chapter. The general development
2 plan as so adopted is an exercise by the state of its sovereignty over
3 and right to develop its land and is the controlling document and land
4 use plan setting out the major planning assumptions and objectives for
5 the development of the capital city area and shall be effective on the
6 date the board 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
14 recorded 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(d) of
18 this chapter; approval of a specific development plan, is an amendment
19 to 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 shall fully co-
4 operate with the corporation and may extend to the corporation, with or
5 without consideration, any function, or other assistance which they are
6 empowered 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) In addition to the agreement authorized by AS 29.18.640, the
15 corporation may enter into agreements with the capital city providing
16 that the city furnish, as necessary, for the capital city area included
17 in any development program which has not yet been completed, municipal
18 services as fixed in the agreements. The agreements may provide for
19 payment by the corporation to the city of the costs of these services on
20 a formula or other basis as may be fixed in the agreements.

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, and the public agency, notwithstanding any other
25 law, may enter into these contractual agreements with the corporation
26 and do all things necessary to carry out its obligations under them.

27 (e) The corporation, on behalf of itself or in its own name on
28 behalf of any person performing work in connection with the general
29 development plan or a specific development plan, may file a master

1 application as provided in AS 46.35.030 in order to obtain required
2 permits. Upon filing an acceptable master application the corporation
3 shall submit a schedule setting out the date before which each permit
4 required must be issued in order to allow work to proceed in accordance
5 with the plan. Each permit shall be either granted or denied no later
6 than 60 days from the date submitted with the master application. If
7 the permit is neither granted nor denied, it shall be considered to have
8 been granted and may be revoked only with the prior approval of the
9 governor. If a permit is denied, the corporation may appeal the denial
10 directly to the governor who shall receive written submissions from the
11 affected agency and the corporation on an expedited basis and render a
12 decision either reversing the decision of the agency and granting the
13 permit or upholding the decision of the agency. No permit may be denied
14 on the ground that the affected agency has not had a sufficient oppor-
15 tunity to make tests, studies, evaluations or other investigations. The
16 corporation and the Department of Environmental Conservation shall
17 cooperate in expediting the review process to the greatest possible
18 extent by consolidating hearings and otherwise avoiding a multiplicity
19 of written or oral submissions. No agency may demand as a condition of
20 commencing its investigations that the corporation bear the agency's
21 costs and expenses in connection with the investigation. The corpora-
22 tion may amend the master application at any time and may seek addi-
23 tional permits. The corporation shall use its best efforts to fully
24 cooperate with all affected agencies and shall give all such agencies
25 complete access to the corporation's relevant documents and records. To
26 the extent that there is an inconsistency or conflict between the pro-
27 visions of this subsection and the Environmental Procedures Coordination
28 Act (AS 46.35) or with any other statute regarding the issuance of
29 permits, the provisions of this subsection shall control.

1 (f) The specific development plan and any amendments shall be
2 recorded in the appropriate recording district.

3 Sec. 44.63.160. ACQUISITION OF REAL PROPERTY. Upon making a
4 finding that it is necessary or convenient to acquire any real property,
5 or an interest in it, located in the capital city area, or any real
6 property located outside the capital city area, for the purpose of
7 providing water, sewer, road, airport or other utility or facility for
8 the capital city area, for its immediate or future use, the corporation
9 may acquire the property in any lawful manner, including the exercise of
10 the power of eminent domain under the provisions of AS 09.55.240 -
11 09.55.460. The corporation may, in its discretion, file a declaration
12 of taking and have title and right vest in it as provided in AS 09.55.-
13 440 and as otherwise provided by law.

14 Sec. 44.63.170. STATE LOANS. The commissioner of revenue may loan
15 to the corporation from surplus money in the general fund a sum not to
16 exceed \$153,000,000. Before any disbursement of the proceeds of the
17 loan, the commissioner of revenue, with the approval of the governor,
18 shall enter into a loan agreement with the corporation providing for the
19 terms of repayment of the loan over the period of years and at the rate
20 or rates of interest as may be fixed in the loan agreement. The loan
21 agreement may also provide for subordination of the terms of repayment
22 of the loan to notes or bonds of the corporation to be issued at a later
23 date or dates, and shall provide for (1) a periodic disbursement sche-
24 dule of the loan proceeds consistent with the progress of the general
25 development plan of the corporation during each fiscal year of the state
26 and consistent with the projected financial ability of the state to
27 disburse loan proceeds in each fiscal year, and (2) an annual or other
28 periodic review procedure by a committee consisting of the commissioner
29 of revenue and four commissioners of principal departments of state

1 government appointed by the governor to determine (A) whether the finan-
2 cial and economic projections contained in the general development plan
3 and specific development plans are being fulfilled, and (B) whether the
4 financial condition of the state will accommodate each annual loan
5 disbursement. The Legislative Budget and Audit Committee shall make the
6 same review provided for in the agreement and report its findings to the
7 committee. The loan agreement shall provide that the recommendations of
8 the committee, based on the determinations made by the committee, shall
9 govern the amount of each loan disbursement.

10 Sec. 44.63.180. DISPOSITION OF PROPERTY. (a) The corporation
11 shall adopt regulations for the sale, lease or other disposal of pro-
12 perty under this chapter. After adoption of regulations and of one or
13 more specific development plans, the corporation may sell, lease or
14 otherwise dispose of, all or any portion of the property encompassed by
15 the plans to any person, either public or private, upon the terms and
16 conditions it determines but only if the board of directors specifically
17 finds that the terms and conditions of the sale, lease or other disposal
18 arrangement are in substantial conformity with the plans. Before the
19 sale, lease or other disposal of any property by the corporation, public
20 notice of the intention of the corporation to do so shall be given by
21 publication of a general description of the terms at least 10 days
22 before the sale, lease or disposal in a newspaper of general circulation
23 in the Third Judicial District.

24 (b) Notwithstanding any other law and subject to any agreement
25 with noteholders or bondholders, any sale, lease or other disposal of
26 property may be made without public bidding or public sale, under a
27 negotiated contract, agreement or lease and containing any terms the
28 corporation determines to be necessary or desirable for the implementa-
29 tion of a specific development plan if public notice is given in accor-

1 dance with (a) of this section.

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

4 Sec. 44.63.190. TRANSFER OF STATE-OWNED REAL PROPERTY. The com-
5 missioner of natural resources and any other state official having
6 jurisdiction over the conveyance or transfer of state-owned land shall,
7 within 60 days after the written request of the chairman of the cor-
8 poration, convey to the corporation all of the state land, including
9 land under water, lying within the capital city area. The transfer and
10 conveyance shall contain reservations required by federal law and the
11 Alaska constitution.

12 Sec. 44.63.200. CONSTRUCTION CONTRACTS. (a) The corporation
13 shall adopt regulations under this chapter establishing procedures for
14 entering into contracts for construction of facilities and improvements
15 on all or any part of any development program in accordance with the
16 procedures established in AS 35.15. The corporation's interest in any
17 real property is not subject to any claims under AS 34.35 (liens). No
18 construction contract may be entered into requiring the expenditure of
19 borrowed funds unless the funds or a commitment letter are in the hands
20 of the corporation.

21 (b) Notwithstanding the provisions of (a) of this section or any
22 other law, and subject to any agreement with noteholders or bondholders,
23 the corporation may adopt regulations providing that it may, when it
24 finds that the bid process of (a) of this section would unreasonably
25 impede implementation of a development program or would otherwise be
26 detrimental to the financial objectives underlying the development
27 program, enter into a construction contract for all or any part of a
28 development program without public bidding. The negotiated contract may
29 contain any terms the corporation considers necessary or desirable for

1 the implementation of the development program. No contract under this
2 subsection except contracts for personal services or contracts involving
3 the expenditure of less than \$20,000 may be entered into unless the
4 corporation has given public notice of its intention to enter into the
5 contract at a meeting at which the proposed contract is available for
6 inspection and an opportunity for members of the public to be heard is
7 afforded. The corporation shall include in the report required by sec.
8 370 of this chapter a statement of the circumstances justifying a con-
9 tract entered into under the authority of this subsection.

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

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

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

1 these deposits.

2 Sec. 44.63.220. TAX EXEMPTION. The interest of the corporation in
3 the real and personal property of the corporation and its assets, income
4 and receipts are declared to be property of a political subdivision of
5 the state and shall be exempt from all taxes and special assessments of
6 the state or a political subdivision of the state. The interest of
7 others in real or personal property of the corporation is taxable by the
8 Matanuska-Susitna Borough and the capital city to the extent authorized
9 by law. All bonds of the corporation are issued by a political sub-
10 division of the state and for an essential public and governmental
11 purpose, and the bonds, and the interest income on and from them, the
12 transfer of the bonds, and all assets, income and receipts pledged to
13 pay or secure the payment of the bonds, or interest on them, are exempt
14 from taxation except for estate taxes.

15 ARTICLE 4. CAPITAL DEVELOPMENT FINANCE.

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

1 tion does not apply to the issuance of notes or other evidences of
2 indebtedness issued by the corporation under sec. 170 of this chapter.

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

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

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

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

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

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

26 (e) Issuance by the corporation of one or more series of bonds or
27 notes for one or more purposes does not prevent it from issuing other
28 bonds or notes in connection with the same development program or any
29 other development program, but the proceedings in which subsequent bonds

1 or notes are issued shall recognize and protect any prior pledge or
2 mortgage made for any prior issue of bonds or notes unless in the pro-
3 ceedings authorizing the prior issue the right is reserved to issue
4 subsequent bonds or notes on a parity with or superior to the prior
5 issue.

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

1 shall be subject to the provisions of this chapter in the same manner
2 and to the same extent as any other bonds or notes issued under this
3 chapter.

4 (g) The resolution authorizing the issuance of bonds or notes may
5 contain provisions with respect to any of the matters referred to in
6 this section, as well as any other matters which in any way affect the
7 security or protection of the bonds or notes. The resolution may be
8 made a part of the contract with the holders of the bonds or notes.

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

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

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

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

4 (1) covenant against pledging all or a part of its rents,
5 receipts and other revenues, or against mortgaging all or a part of its
6 real or personal property, to which its right or title exists or may
7 come into existence or against permitting or suffering any lien on the
8 revenues or property or as to the use and disposition of the revenues;

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

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

14 (4) covenant as to the bonds or notes to be issued and as to
15 the issuance of the bonds or notes in escrow or otherwise, and as to the
16 use and disposition of the proceeds of bonds or notes;

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

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

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

25 (8) covenant as to the rights, liabilities, powers and duties
26 arising upon the breach by it of a covenant, condition, or obligation;
27 covenant and prescribe as to events of default and terms and conditions
28 upon which any or all of its bonds or notes shall become or may be
29 declared due before maturity; and covenant as to the terms and condi-

1 tions upon which this declaration and its consequences may be waived;

2 (9) vest in a trustee or trustees or the holders of bonds or
3 notes or a specified proportion of them, the right to enforce the pay-
4 ment of the bonds or notes or covenants securing or relating to the
5 bonds or notes;

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

13 (11) provide for the powers and duties of the trustees, and
14 limit the liability of the trustees;

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

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

27 (e) Each pledge, agreement, mortgage or other instrument made for
28 the benefit or security of any of the bonds or notes of the corporation
29 shall continue to be effective until the principal of and interest on

1 the bonds or notes are fully paid, or until provision is made for pay-
2 ment in the manner provided in the resolution or resolutions under which
3 the bonds or notes are authorized. The pledge of assets or revenues of
4 the corporation to the payment of the principal or interest on any bonds
5 or notes is valid and binding from the time the pledge is made, and the
6 assets or revenues are immediately subject to the lien of the pledge
7 without physical delivery or further act. The lien of any pledge is
8 valid and binding against all parties having claims of any kind in tort,
9 contract or otherwise against the corporation, irrespective of whether
10 those parties have notice of the lien of the pledge.

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

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

29 Sec. 44.63.250. RESERVE FUNDS. (a) To assure the continued

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

28 (b) The corporation may not issue bonds unless there is in the
29 reserve fund the required debt service reserve for all bonds then issued

1 and outstanding and for the bonds to be issued unless the corporation,
2 at the time of issuance of the bonds, deposits in the reserve fund from
3 the proceeds of the bonds to be issued, or otherwise, an amount which
4 together with the amount then in the reserve fund will be not less than
5 the required debt service reserve.

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

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

22 (e) Whenever the corporation has established a debt service re-
23 serve fund, the commissioner of revenue may lend surplus money in the
24 general fund to the corporation for deposit in a debt service reserve
25 fund in an amount equal to the required debt service reserve. The loans
26 shall be made on such terms and conditions as may be agreed upon by the
27 commissioner of revenue and the corporation, including without limita-
28 tion, terms and conditions providing that the loans need not be repaid
29 until the obligations of the corporation secured and to be secured by

1 the debt service reserve fund are no longer outstanding.

2 (f) The corporation may establish additional reserves or other
3 funds or accounts as may be, in its discretion, necessary, desirable, or
4 convenient to further the accomplishment of its purposes or to comply
5 with the provisions of any of its agreements or resolutions.

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

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

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

29 Sec. 44.63.280. BONDS AND NOTES AS LEGAL INVESTMENTS. The bonds

1 and notes of the corporation are securities in which all public offi-
2 cers, bodies, and municipalities of the state, all insurance companies
3 and associations, and other persons carrying on an insurance business,
4 all banks, trust companies, savings banks and savings associations,
5 investment companies and other persons carrying on a banking business,
6 all administrators, guardians, executors, trustees and other fiduci-
7 aries, and all other persons who are authorized to invest in bonds or
8 other obligations of the state may properly and legally invest funds
9 including capital in their control or belonging to them.

10 ARTICLE 5. CAPITAL CITY DEVELOPMENT OVERSIGHT COMMITTEE.

11 Sec. 44.63.290. CAPITAL CITY DEVELOPMENT OVERSIGHT COMMITTEE
12 ESTABLISHED. The Capital City Development Oversight Committee is estab-
13 lished as a permanent interim committee of the legislature beginning
14 with the Eleventh Legislature. The establishment of the committee
15 recognizes the need of the legislature for review and oversight of the
16 development of the new capital city.

17 Sec. 44.63.300. MEMBERSHIP. The committee is composed of eight
18 members: the president of the senate, the speaker of the house, the
19 chairmen of the finance committees, the chairmen of the state affairs
20 committees, and one member appointed from each house by the respective
21 presiding officer. The membership from each house shall include at
22 least one member from each of the two major political parties. The
23 committee shall select its own chairman.

24 Sec. 44.63.310. TERM OF MEMBERSHIP. (a) The committee shall be
25 organized within 15 days after the organization of each legislature.
26 Members serve for the duration of the legislature during which they are
27 appointed. If a member is reelected or his term of office extends into
28 the next succeeding legislature, he continues to serve until reappointed
29 or the appointment of his successor.

1 (b) When a member of the committee files a declaration of candi-
2 dacy for an elective office other than that of member of either house of
3 the legislature, and he has not resigned from membership on the com-
4 mittee, his committee membership terminates on the date of filing.

5 Sec. 44.63.320. VACANCIES. When a vacancy occurs in the statutory
6 or appointive membership of the committee, the presiding officer of the
7 house incurring the vacancy shall choose a successor. If the office of
8 the president of the senate or speaker of the house of representatives
9 becomes vacant and a vacancy from the affected house occurs among the
10 membership of the committee, the remaining committee members from the
11 house incurring the vacancy shall appoint a new member.

12 Sec. 44.63.330. MEETINGS. The committee may meet during sessions
13 of the legislature and during the interim between sessions at such times
14 and places in the state as the chairman may determine. Members may
15 receive, for the minimum time required to get to and from meetings and
16 for the period while attending meetings, the same travel and per diem
17 allowances provided by law for members of the legislature when attending
18 sessions, except that members of the committee receive no per diem
19 during legislative sessions other than the per diem allowance paid to
20 other members of the legislature.

21 Sec. 44.63.340. POWERS. The committee has the power to

- 22 (1) organize and adopt rules for the conduct of its business;
- 23 (2) hold public hearings;
- 24 (3) require all state officials and agencies of state govern-
25 ment to give full cooperation to the committee or its staff in assem-
26 bling and furnishing requested information;
- 27 (4) prepare and distribute reports, memoranda, or other
28 materials;
- 29 (5) review all reports of the corporation and of the Legis-

1 lative Budget and Audit Committee relating to the corporation;

2 (6) make recommendations for legislative action relating to
3 the capital relocation and planning and development of the new capital
4 city.

5 Sec. 44.63.350. STAFF. The legislative audit division and the
6 legislative finance division shall provide audits, reports and analyses
7 requested by the committee. The committee may hire and determine the
8 salary of the staff it considers necessary within the limit of the
9 budget approved by the legislature.

10 Sec. 44.63.360. DUTIES. The committee shall report to the legis-
11 lature annually. The report shall include any considerations the com-
12 mittee considers relevant to the planning and development of the new
13 capital city and to the performance of the capital city development
14 corporation.

15 ARTICLE 6. GENERAL PROVISIONS.

16 Sec. 44.63.370. EXECUTIVE BUDGET ACT. The corporation is not
17 subject to the provisions of the Executive Budget Act (AS 37.07).

18 Sec. 44.63.380. ANNUAL BUDGET. The board of directors shall
19 review and approve, by a two-thirds vote of members of the board, the
20 annual operational and capital program and budget for the corporation
21 and may, by two-thirds vote, amend the program and budget. No corporate
22 funds may be expended or money borrowed except in accordance with an
23 approved annual operational or capital program and budget.

24 Sec. 44.63.390. ANNUAL REPORT. The corporation shall submit to
25 the governor, the Legislative Budget and Audit Committee, and the com-
26 mittee established by sec. 170 of this chapter, within three months
27 after the end of the corporation's fiscal year, a complete financial
28 report audited by a certified public accountant or firm of certified
29 public accountants, which shows

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

5 (3) a schedule of its bonds and notes outstanding at the end
6 of its fiscal year, together with a statement of the amounts redeemed
7 and incurred during its fiscal year, and which also sets out statements
8 in detail of

9 (A) the progress of fulfillment of the financial and
10 economic projections contained in the general development and
11 specific development plans, and

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

14 Sec. 44.63.400. CONFLICTS OF INTEREST. (a) No director or em-
15 ployee of the corporation or member of the advisory board may partici-
16 pate in any decision of the corporation relating to a private firm in
17 which he has a direct or indirect financial interest.

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

20 Sec. 44.63.410. LIMITATION OF LIABILITY. No person executing a
21 bond or note of the corporation is liable personally on such obligations
22 by reason of their issuance.

23 Sec. 44.63.420. TERMINATION OF CORPORATION. (a) Unless a deter-
24 mination is made under (b) of this section to extend the existence of
25 the corporation, the board of directors shall adopt a resolution to
26 terminate the existence of the corporation upon the occurrence of any of
27 the following events: (1) the board's determination that the general
28 development plan has been completed; (2) the attainment by the capital
29 city of a population of 11,100 as certified by the Department of Com-

1 munity and Regional Affairs; or (3) the arrival of the year 2011. The
2 resolution shall be adopted in accordance with the procedure established
3 in sec. 100(b) of this chapter.

4 (b) Not later than one year before the anticipated occurrence of
5 any of the events in (a) of this section, the board of directors shall
6 recommend to the legislature and the legislature shall determine whether
7 the corporation shall continue in existence beyond the occurrence of the
8 event.

9 (c) No law which terminates the corporation's existence or mater-
10 ially alters its powers in a manner which adversely affects its capacity
11 to repay bonds, notes or other obligations outstanding may take effect
12 so long as any bonds, notes or obligations remain outstanding, unless
13 adequate provision has been made for their payment as provided in the
14 documents securing them.

15 Sec. 44.63.430. DEFINITIONS. In this chapter, unless the context
16 requires otherwise,

17 (1) "bonds" and "notes" mean the bonds and notes, respec-
18 tively, issued by the corporation under this chapter;

19 (2) "capital city area" or "capital city site" means the area
20 specified in AS 29.18.520;

21 (3) "capital city" means the municipality created under AS
22 29.18.500 - 29.18.660;

23 (4) "committee" means the Capital City Development Oversight
24 Committee established in sec. 290 of this chapter;

25 (5) "corporation" means the Alaska Capital City Development
26 Corporation created by sec. 20 of this chapter;

27 (6) "advisory board" means the Development Advisory Board
28 created under sec. 110 of this chapter;

29 (7) "development program" means one or more works, under-

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

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

17 (9) "general development plan" means a general land use and
18 land development plan for the capital city area which contains the
19 elements set out in sec. 30 of this chapter;

20 (10) "improved real property" means land on which there are
21 structures to be used for purposes under the general development plan
22 and land used in connection with the structures;

23 (11) "real property" or "land" includes any right, title or
24 interest in real property of any kind, including, but without limita-
25 tion, land under water and subsurface or air rights separated from
26 surface rights;

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

1 (13) "private firm" means any private person, partnership,
2 corporation, foundation, trust, or other business entity whether orga-
3 nized for profit or not for profit;

4 (14) "public agency" means any officer, department, board,
5 commission, bureau, division, public corporation, agency or instru-
6 mentality of the state, the United States, or any municipality;

7 (15) "regulations" means actions of the corporation to imple-
8 ment secs. 120(21), 180 and 200 of this chapter adopted in accordance
9 with sec. 20(h) of this chapter and any other action by the corporation
10 which it determines to take in the manner provided in sec. 100 of this
11 chapter to implement any other provision of this chapter;

12 (16) "specific development plans" means the various plans for
13 the implementation of each phase or segment of the general development
14 plan, which contain the elements more particularly set out in secs. 130
15 and 140 of this chapter.

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

17 ARTICLE 5. CAPITAL CITY INCORPORATION.

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

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

23 (2) there is a need for a municipality encompassing the
24 capital city area, before the arrival of any resident population, in
25 order to assist in the planning and development of the capital city
26 area, apply for grants, loans, technical assistance or other available
27 forms of aid, negotiate and enter into cooperative agreements with other
28 governmental entities, and prepare to provide services to the antici-
29 pated population;

1 (3) the present absence of a resident population and the
2 projected arrival of a large resident population at the capital city
3 area create unique circumstances requiring the creation of a special
4 governmental framework to prepare for the initial governance of the
5 capital city area, and to assist the Alaska Capital City Development
6 Corporation (AS 44.63.020) in the implementation of the general de-
7 velopment plan and specific development plans for the capital city;

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

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

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

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

28 Sec. 29.18.530. CITY COUNCIL. (a) Until council members elected
29 by the residents of the capital city take office as provided in sec. 570

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

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

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

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

25 Sec. 29.18.550. APPOINTMENT OF CITY OFFICIALS. (a) Until a mayor
26 is elected in accordance with sec. 570 of this chapter, the council
27 shall appoint a city manager for the capital city to serve at the
28 pleasure of the council. The city manager may not be a council member.

29 (b) Except to the extent that the council assigns functions or

1 duties to the other city officials, and except that the city manager may
2 neither preside nor vote at council meetings, the city manager has the
3 powers and duties of all executive and administrative city officials set
4 out in this title.

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

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

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

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

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

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

24 (5) the council may provide for meetings to be held and
25 formal action to be taken by conference telephone;

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

29 (A) the notice is published in a newspaper of general

1 circulation in the Matanuska-Susitna Borough, and

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

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

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

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

6 Sec. 29.18.580. POWERS. The capital city is a second class city
7 and, except as otherwise provided in this chapter, has all of the powers
8 of a second class city. The Matanuska-Susitna Borough may not, without
9 the approval of the legislature, assume or exercise an areawide power
10 within the capital city area for a period of five years from the date of
11 the election described in sec. 570(b) of this chapter except as provided
12 in an agreement with the capital city and the development corporation
13 entered into under sec. 630 of this chapter, and except for those powers
14 being exercised on an areawide basis on January 1, 1978.

15 Sec. 29.18.590. PUBLIC SCHOOLS. The capital city and the
16 Matanuska-Susitna Borough shall enter into a cooperative agreement, to
17 which the development corporation and the state may be a party, for the
18 timely provision of public schools in the capital city area in accor-
19 dance with the general development plan. Payments to fund the annual
20 cost of repayment of principal, and accrued interest, obligated by the
21 borough for construction of public schools included in the general
22 development plan in the capital city area shall be made to the borough
23 by the state in each year at the times necessary for the borough to meet
24 its applicable repayment dates. The capital costs, in the amounts and
25 when required in accordance with the general and applicable specific
26 development plans, shall be provided to the borough by the state with
27 the proceeds of general obligation bonds.

28 Sec. 29.18.600. TAXING POWER. So long as it is a second class
29 city, the capital city may by referendum levy real and personal property

1 taxes at a rate not to exceed the maximum rate then permitted by law for
2 first class cities.

3 Sec. 29.18.610. PLANNING AND ZONING AUTHORITY. The capital city
4 and the Matanuska-Susitna Borough shall, within nine months after incor-
5 poration of the capital city, enter into an agreement by which the
6 capital city shall exercise the planning, zoning, building and housing
7 code powers and functions it considers necessary and desirable in order
8 to assure coordination with and preservation of the general development
9 plan and specific development plans. The agreement shall consider the
10 need and desirability for coordination among the development corpora-
11 tion, the capital city, and the borough, and shall provide for a sharing
12 of planning, zoning, building and housing code powers and functions
13 between the capital city and the borough which ensures an orderly de-
14 velopment of the general development plan and specific development plans
15 and a maximum of control by the residents of the capital city over local
16 community development and affairs, consistent with the general regional
17 concerns of the borough. The development corporation may be a party to
18 this agreement. The general development plan and specific development
19 plans constitute the land use plan for the capital city area and super-
20 sede all planning, zoning, subdivision, building code, or other similar
21 enactments of the Matanuska-Susitna Borough in the capital city area
22 with respect to land not owned by the development corporation. With
23 respect to land not owned by the development corporation, the general
24 development plan and specific development plans shall continue to super-
25 sede enactments of the Matanuska-Susitna Borough until after the land
26 has been fully developed. After full development of any parcel of land,
27 the Matanuska-Susitna Borough may not exercise any areawide power in a
28 manner which conflicts with the general development plan or specific
29 development plans until the development corporation is dissolved or

1 January 1, 2000, whichever comes first.

2 Sec. 29.18.620. TRANSFER OF UTILITIES TO CAPITAL CITY. The
3 development corporation, in cooperation with the capital city, shall
4 arrange for and agree to an orderly schedule for transferring to the
5 capital city ownership of, and financial and operational responsibility
6 for utilities and any other facilities which the development corporation
7 considers to be integral parts of the capital city infra-structure.
8 Before January 1, 1985, the development corporation and the council of
9 the capital city shall jointly retain independent consultants to study
10 and determine an orderly schedule for transfer of these utilities and
11 facilities to the capital city. The study shall consider the capabili-
12 ties of the capital city and its existing and anticipated residents to
13 finance the cost of these utilities and other facilities and their
14 operating expenses. The consultants shall propose a recommended
15 schedule for and terms of transfer which are commensurate with the
16 capital city's existing and anticipated population, tax base and any
17 other factors relating to its capability to finance and operate these
18 facilities as they consider appropriate. The development corporation
19 shall, after considering the consultants' report, propose a schedule of
20 and terms and conditions of the transfer to the capital city, which
21 shall, upon review and approval by the council, be included in an
22 agreement between the development corporation and the capital city. If
23 the development corporation and the capital city are unable to agree
24 within six months after the development corporation submits its pro-
25 posal, the development corporation shall submit the proposal to the
26 Legislative Budget and Audit Committee which shall consider the pro-
27 posal, and if the committee considers it appropriate to do so, shall
28 recommend to the legislature legislation it considers desirable for the
29 disposition of the utilities and other facilities. If no recommendation

1 is made to the legislature or if the legislature does not enact legis-
2 lation regarding the disposition during the legislative session at which
3 the recommendation is made, the development corporation may at any time
4 thereafter sell or dispose of the utilities and facilities or any of
5 them to a private person or entity or government body, or continue to
6 operate them.

7 Sec. 29.18.630. AGREEMENTS. The development corporation, the
8 capital city, the Matanuska-Susitna Borough, the state and any agency or
9 instrumentality of the state, as well as all other entities permitted by
10 law, may enter into agreements for the cooperative or joint administra-
11 tion of any functions or powers. An agreement, whenever entered into,
12 shall be binding and enforceable upon the parties in accordance with its
13 terms. This section shall continue to apply to the capital city and the
14 Matanuska-Susitna Borough if either adopts a home rule charter.

15 Sec. 29.18.640. APPLICABILITY OF OTHER PROVISIONS OF LAW. All
16 applicable provisions of law consistent with the provisions of this
17 article apply to the capital city. When there is an inconsistency
18 between secs. 500 - 660 of this chapter and any other provision of law,
19 the provisions of secs. 500 - 660 of this chapter prevail. The provi-
20 sions of secs. 520, 580, 610, 620 and 630 of this chapter authorizing
21 agreements to be entered into by the capital city and limiting boundary
22 changes (AS 29.18.540) and action of the Matanuska-Susitna Borough (AS
23 29.18.610 and AS 29.18.640) shall continue in effect notwithstanding a
24 change in the municipal classification of the capital city or the adop-
25 tion of a home rule charter.

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

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

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

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

5 (4) "general development plan" has the same meaning as pro-
6 vided in AS 44.63.030 and includes amendments to the general develop-
7 ment plan;

8 (5) "specific development plan" has the same meaning as pro-
9 vided in AS 44.63.035 and includes amendments to each specific develop-
10 ment plan.

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

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

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

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

21 (i) All references to the "reserve fund" in this section include
22 special accounts within the reserve fund which may be created by the
23 authority to secure the payment of particular bonds, including, without
24 limitation, bonds issued by the capital city established under AS 29.-
25 18.510. The commissioner of revenue may lend surplus money in the
26 general fund to the authority for deposit to any account in the reserve
27 fund in an amount equal to the required debt service reserve. The loans
28 shall be made on such terms and conditions as may be agreed upon by the
29 commissioner of revenue and the authority, including, without limita-

tion, terms and conditions providing that the loans need not be repaid until the obligations of the corporation secured and to be secured by the account in the reserve fund are no longer outstanding.

* Sec. 5. The commissioner of revenue may loan an amount not to exceed \$14,800,000 from surplus money in the general fund to the Alaska State Housing Authority (AS 18.55.010 - 18.55.290) for the purpose of providing housing for persons of lower income in the capital city area. The amounts loaned shall be used by the authority for that purpose in accordance with the provisions of AS 18.55.300 - 18.55.370. The loan or loans by the commissioner of revenue to the authority shall be made at the rate or rates of interest and upon the terms and conditions as the commissioner of revenue and the authority may agree upon.

* Sec. 6. The plan of the New Capital Site Planning Commission under AS 44.06.230(j) referred to in sec. 44.63.130 of sec. 1 of this Act is modified by providing that of those central state positions in existence in 1977, 1,798 will move to the new capital. The number of positions to be located in Juneau and the number to be located in the new capital are as follows:

	Juneau	new capital
Governor's Office	39	125
Department of Administration	80	209
Department of Law	3	36
Department of Revenue	89	79
Department of Education	201	2
Department of Health and Social Services	39	262
Department of Labor	287	91
Department of Commerce and Economic Development	9	121
Department of Natural Resources	0	16
Department of Fish and Game	13	86

1	Department of Public Safety	0	97
2	Department of Environmental Conservation	2	77
3	Department of Community and Regional		
4	Affairs	43	28
5	Department of Transportation and Public		
6	Facilities	82	278
7	Legislature	0	291
8	Court System	9	0

9 The plan is further modified by providing that (1) the move will be completed
10 in 1987; (2) the population figure for planning purposes at that time is
11 assumed to be 11,100; (3) for planning purposes, it is assumed that the rate
12 of growth in central state positions will remain constant and that the rate
13 of growth will be reflected in Juneau and Anchorage as well as in the new
14 capital. Modifications to the plan are based upon the Senate State Affairs
15 Committee report submitted May 19, 1978.

16 * Sec. 7. This Act takes effect immediately in accordance with AS 01.10.-
17 070(c).

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