

**HOUSE
COMMITTEE REPORT**

Date referred: 5/11/86

FURTHER REFERRALS:

waived from Loans (5/11/86)

DATE: 5/12/86

The Finance Committee has considered CSSB 13(Rls)

"An Act relating to student loans; creating the Alaska Student Loan corporation; and providing for an effective date."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with _____ same title
- new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman

Offered: 5/8/86

Original sponsor: Ferguson

1 IN THE SENATE

BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 13 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans; creating the
7 Alaska Student Loan Corporation; and providing for an
8 effective date."

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

10 * Section 1. AS 14.42 is amended by adding new sections to read:

11 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

12 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

13 There is created the Alaska Student Loan Corporation. The corporation
14 is a public corporation and government instrumentality within the
15 Department of Education but having a legal existence independent of
16 and separate from the state. The corporation may not be terminated as
17 long as it has bonds, notes or other obligations outstanding. Upon
18 termination of the corporation, its rights and property pass to the
19 state.

20 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the
21 corporation is to improve higher educational opportunities of resi-
22 dents of Alaska in accordance with the provisions of this chapter.

23 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpora-
24 tion shall be governed by a board of directors appointed by the
25 governor consisting of four individuals serving on the Commission on
26 Postsecondary Education pursuant to AS 14.42.015(a)(1) - (2), (4) -
27 (6) and (8), and one member appointed under AS 14.42.015(a)(3).
28 Members of the board serve without compensation but are entitled to
29 per diem and travel expenses as may be authorized by law for boards

COMMITTEE COPY

1 and commissions.

2 Sec. 14.42.130. MEETING OF THE BOARD. (a) The Board shall
3 elect a chairman from among the membership at its annual meeting each
4 year. A majority of the members constitute a quorum for organizing
5 the board, conducting its business and exercising the powers of the
6 corporation. The board shall meet at the call of its chairman and at
7 such other times as the board may determine in accordance with its
8 regulations.

9 (b) The board may meet and transact business by electronic media
10 if

11 (1) public notice of the time and locations where the
12 meeting will be held by electronic media has been given in the same
13 manner as if the meeting were held in a single location;

14 (2) participants and members of the public in attendance
15 can hear and have the same right to participate in the meeting as if
16 the meeting were conducted in person; and

17 (3) copies of pertinent reference materials, statutes,
18 regulations, and audiovisual materials are reasonably available to
19 participants and the public.

20 (c) A meeting by electronic media as provided in this section
21 has the same legal effect as a meeting in person.

22 (d) For purposes of AS 14.42.100 - 14.42.320 public notice of 24
23 hours or more is adequate notice of a meeting of the board at which
24 the issuance of corporation bonds is authorized.

25 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep
26 minutes of each meeting and send a certified copy to the governor and
27 to the Legislative Budget and Audit Committee.

28 Sec. 14.47.150. ADMINISTRATION OF AFFAIRS. The board shall
29 manage the assets and business of the corporation and may prescribe,

1 amend and repeal bylaws and regulations governing the manner in which
2 the business of the corporation is conducted and the manner in which
3 its powers are exercised in accordance with the Administrative Pro-
4 cedure Act (AS 44.62). The board shall delegate supervision of the
5 administration of the corporation to the executive director of the
6 corporation.

7 Sec. 14.42.160. EXECUTIVE DIRECTOR. The corporation shall
8 employ an executive officer, who may not be a member of the board.
9 The executive director shall be the executive officer of the Commis-
10 sion on Postsecondary Education appointed under AS 14.42.040(a).

11 Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The board may appoint
12 other officers and engage professional and technical advisors as
13 independent contractors. The executive director may hire employees of
14 the corporation and, subject to the approval of the board, engage
15 professional and technical advisors under contract with the corpora-
16 tion. The board shall prescribe the duties and compensation of
17 corporation personnel, including the executive director.

18 Sec. 14.42.190. BUDGET. The operating budget of the corporation
19 is subject to the Executive Budget Act (AS 37.07).

20 Sec. 14.42.200. GENERAL POWERS. In addition to other powers
21 granted in this chapter, the corporation may:

- 22 (1) sue and be sued in its own name;
- 23 (2) adopt an official seal;
- 24 (3) adopt bylaws for the regulation of its affairs and the
25 conduct of its business;
- 26 (4) employ fiscal consultants, attorneys, and such other
27 consultants and employees as may be required in the judgement of the
28 corporation, and fix and pay their compensation from money available
29 to the corporation;

1 (5) make and execute agreements, contracts and other in-
2 struments necessary or convenient in the exercise of the powers and
3 functions of the corporation under this chapter, including contracts
4 with any person, firm, corporation, governmental agency or other
5 entity;

6 (6) receive, administer and comply with the conditions and
7 requirements respecting any appropriation or gift, grant or donation
8 of property or money;

9 (7) acquire real property, or any interest in real prop-
10 erty, in its own name, by purchase, transfer or foreclosure, when the
11 acquisition is necessary or appropriate to protect any loan in which
12 the corporation has an interest; sell, transfer and convey any such
13 property to a buyer; and, if the sale, transfer or conveyance cannot
14 be effected with reasonable promptness or at a reasonable price, rent
15 or lease the property to a tenant pending the sale, transfer or con-
16 veyance;

17 (8) borrow money as provided in this chapter to carry out
18 and effectuate its corporate purposes and issue its obligations as
19 evidence of any such borrowing;

20 (9) include in any borrowing the amounts to pay financing
21 charges, interest on the obligations for a period not exceeding one
22 year after the date on which the corporation estimates funds will
23 otherwise be available to pay the interest, consultant, advisory and
24 legal fees and such other expenses as are necessary or incident to
25 this borrowing;

26 (10) invest or reinvest, subject to its contracts with
27 noteholders and bondholders, any money or funds held by the corpor-
28 ation in any obligations or other securities authorized under AS 37.-
29 10.070(a);

1 (11) collect from a borrower amounts owed with respect to a
2 student loan the corporation has purchased or made;

3 (12) gather information on loans available to residents of
4 Alaska attending or planning to attend an eligible institution and
5 disseminate the information to reasonably assure that qualified stu-
6 dents are aware of financial resources available to those attending or
7 desiring to attend an eligible institution;

8 (13) require an eligible institution or eligible lender to
9 file reports with the corporation as the corporation considers neces-
10 sary for the effective performance of its duties and publish the
11 information from the reports or other sources as the corporation
12 considers necessary;

13 (14) service student loans held by the corporation;

14 (15) except as specifically prohibited by law, obtain infor-
15 mation from a state agency or instrumentality or other source to
16 verify information submitted by or on behalf of a student applying for
17 or receiving assistance from the corporation;

18 (16) make or participate in the making of and purchase or
19 participate in the purchase of student loans;

20 (17) contract in advance for the purchase or sale of student
21 loans;

22 (18) sell or participate in the sale, either public or
23 private and on terms authorized by the board, of student loans to the
24 Student Loan Marketing Association or to other purchasers;

25 (19) collect and pay reasonable fees and charges in connec-
26 tion with the purchase, sale, and servicing of student loans;

27 (20) enter into agreements with the federal government
28 (including guaranty agreements and supplemental guaranty agreements as
29 described in the United States Higher Education Act of 1965) as

1 necessary to provide for the receipt by the corporation of administra-
2 tive allowances and other benefits available under the United States
3 Higher Education Act of 1965;

4 (21) enter into contracts with lenders upon terms and con-
5 ditions agreed upon between the corporation and the lenders, which
6 terms and conditions may reflect the requirements of the United States
7 Higher Education Act of 1965;

8 (22) enter into contracts with institutions upon the terms
9 and conditions agreed upon between the corporation and the institu-
10 tions, which terms and conditions may reflect the requirements of the
11 United States Higher Education Act of 1965;

12 (23) administer federal money allotted to the state with
13 respect to insured student loans and related administrative costs and
14 other matters;

15 (24) consent to the modification of the rate of interest,
16 time of payment of an installment of principal or interest, or other
17 terms of a student loan made or purchased by the corporation;

18 (25) procure insurance against any loss in connection with
19 the operation of its programs under this chapter;

20 (26) provide advisory services to borrowers and other parti-
21 cipants in the corporation's programs under this chapter;

22 (27) do all acts and things necessary, convenient or desir-
23 able to carry out the powers expressly granted or necessarily implied
24 in this chapter.

25 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
26 is established in the corporation. The student loan fund is a trust
27 fund for the uses and purposes of AS 14.42.100 - 14.42.320. The
28 student loan fund consists of money or assets appropriated or trans-
29 ferred to the corporation and other money or assets deposited in it by

1 the corporation.

2 (b) Money and other assets of the student loan fund may be used
3 to secure bonds of the corporation, or invested in the types of in-
4 vestments under AS 37.10.070(a) or shall be used to make or purchase
5 loans approved under AS 14.43.090 - 14.43.160.

6 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (g)
7 of this section, the corporation may borrow money and may issue bonds,
8 including but not limited to bonds on which the principal and interest
9 are payable,

10 (1) exclusively from the income and receipts or other money
11 derived from the loans financed with proceeds of the bonds;

12 (2) exclusively from the income and receipts or other money
13 derived from designated loans whether or not they are financed in
14 whole or in part with the proceeds of the bonds; or

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

17 (b) Bonds shall be authorized by resolution of the corporation,
18 and be dated and may not mature more than 20 years from the date of
19 its issue. Bonds shall bear interest at the rate or rates, be in the
20 denominations, be in the form, either coupon or registered, carry the
21 registration privileges, be executed in the manner, be payable in the
22 medium of payment, at the place or places, and be subject to the terms
23 of redemption which the resolution or a subsequent resolution may
24 provide.

25 (c) All bonds, regardless of form or character, shall be nego-
26 tiable instruments for all the purposes of the Uniform Commercial Code
27 (AS 45.01 - AS 45.09).

28 (d) All bonds may be sold at public or private sale in the
29 manner, for the price or prices, and at the time or times which the

1 corporation may determine.

2 (e) Before issuance of any bonds, the corporation shall make
3 provision by agreement or otherwise at least sufficient in the judg-
4 ment of the corporation to pay the principal of and interest on the
5 bonds as they become due and to create and maintain the reserves
6 therefor as the corporation considers necessary or desirable and to
7 meet all obligations in connection with the agreement and all costs
8 necessary to service the bonds unless the agreement provides that the
9 obligations are to be met or costs are to be paid by a party other
10 than the corporation.

11 (f) The superior court shall have jurisdiction to hear and
12 determine suits, actions or proceedings relating to the corporation,
13 including suits, actions or proceedings brought to foreclose or other-
14 wise enforce a mortgage or other security interest or brought by or
15 for the benefit of a holder of its bonds or by a trustee for or other
16 representative of the holders.

17 (g) The corporation may not issue bonds during any fiscal year
18 in an amount greater than \$45,000,000 unless the legislature, by law,
19 approves issuance of a greater amount.

20 (h) The corporation may not issue loans in excess of the total
21 amount of funds expended the previous fiscal year for student loans or
22 the amount appropriated in a fiscal year for student loans, whichever
23 is less.

24 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. In the
25 discretion of the corporation, an issue of bonds may be secured by a
26 trust indenture or trust agreement between the corporation and a
27 corporate trustee (which may be a trust company, bank, or national
28 banking association, with corporate trust powers, located inside or
29 outside the state) or by a secured loan agreement or other instrument

1 or under a resolution giving powers to a corporate trustee (herein-
2 after in this section referred to as "trust agreement") by means of
3 which the corporation may:

4 (1) make and enter into any and all the covenants and
5 agreements with the trustee or the holders or the bonds which the
6 corporation may determine to be necessary or desirable, including,
7 without limitation, covenants, provisions, limitations and agreements
8 as to:

9 (A) the application, investment, deposit, use and
10 disposition of the proceeds of bonds of the corporation or of
11 money or other property of the corporation or in which it has an
12 interest;

13 (B) the fixing and collection of loan payments and
14 other consideration for, and the other terms to be incorporated
15 in, a student loan;

16 (C) the assignment by the corporation of its rights in
17 a student loan or in a mortgage or other security interest creat-
18 ed with respect to a student loan to a trustee for the benefit of
19 bondholders;

20 (D) the terms and conditions upon which additional
21 bonds of the corporation may be issued;

22 (E) the vesting in a trustee of rights, powers,
23 duties, funds or property in trust for the benefit of bond-
24 holders, including, without limitation, the right to enforce
25 payment, performance and all other rights of the corporation or
26 of the bondholders, under a student loan or a security interest
27 created with respect to a student loan;

28 (2) pledge, mortgage or assign money, agreements, property,
29 or other assets of the corporation either presently in hand or to be

1 received in the future, or both; and

2 (3) provide for any other matters of like or different
3 character which in any way affect the security or protection of the
4 bonds.

5 Sec. 14.42.240. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND
6 REQUIREMENTS. (a) For the purpose of securing one or more issues of
7 its bonds, the corporation may establish one or more special funds,
8 called "capital reserve funds", and shall pay into those capital
9 reserve funds the proceeds of the sale of its bonds and other moneys
10 which may be made available to the corporation from other sources for
11 the purposes of the capital reserve funds. A capital reserve fund may
12 be established only if the corporation determines that the establish-
13 ment of the fund would enhance the marketability of the bonds. Money
14 in a capital reserve fund, except as provided in this section, may be
15 used as required only for (1) the payment of the principal of, and
16 interest on, bonds or of the sinking fund payments with respect to
17 those bonds; (2) the purchase or redemption of the bonds, or (3) the
18 payment or a redemption premium required to be paid when the bonds are
19 redeemed before maturity. However, money in a capital reserve fund
20 may not be withdrawn if the withdrawal would reduce the amount in the
21 capital reserve fund to less than the capital reserve fund require-
22 ment, except for the purpose of making payment, when due, of princi-
23 pal, interest redemption premiums on the bonds, and sinking fund
24 payments when other money of the corporation is not available for the
25 payments. Income or interest earned by, or increment to, a capital
26 reserve fund, from the investment of all or part of the fund, may be
27 transferred by the corporation to other funds or accounts of the
28 corporation if the transfer does not reduce the amount of the capital
29 reserve fund below the capital reserve fund requirement.

1 (b) If the corporation decides to issue bonds secured by a
2 capital reserve fund, the bonds may not be issued if the amount in
3 requirement, unless the corporation, at the time of issuance of the
4 bonds, deposits in the capital reserve fund from the proceeds of the
5 bonds to be issued or from other sources, an amount of which, together
6 with the amount then in the fund, is not less than the capital reserve
7 fund requirement.

8 (c) In computing the amount of a capital reserve fund for the
9 purpose of this section, securities in which all or a portion of the
10 fund is invested shall be valued by a reasonable method established by
11 the corporation by resolution. Valuation shall include the amount of
12 interest earned or accrued as of the date of valuation.

13 (d) The chairman of the corporation shall annually, no later
14 than January 2, certify in writing to the governor and the legislature
15 the amount, if any, required to restore a capital reserve fund to the
16 capital reserve fund requirement. The legislature may appropriate to
17 the corporation the amount certified by the chairman of the corpora-
18 tion. The corporation shall deposit the amounts appropriated under
19 this subsection during a fiscal year in the proper capital reserve
20 fund. Nothing in this section creates a debt or liability of the
21 state.

22 (e) In this section, "capital reserve fund requirement" means
23 the amount required to be on deposit in the capital reserve fund as of
24 the date of computation as determined by resolution of the corpora-
25 tion.

26 (f) The corporation may establish reserve funds, other than
27 capital reserve funds, to secure one or more issues of its bonds. The
28 corporation may deposit in a reserve fund established under this
29 subsection the proceeds of sale of its bonds and other money which may

1 be made available from any other source. A reserve fund established
2 under this subsection must comply with (a) - (c) of this section. The
3 corporation may allow a reserve fund established under this subsection
4 to be depleted without complying with (d) of this section.

5 Sec. 14.42.250. VALIDITY OF PLEDGE. It is the intention of the
6 legislature that a pledge made in respect of bonds shall be valid and
7 binding from the time the pledge is made; that the money or property
8 so pledged and thereafter received by the corporation shall immediate-
9 ly be subject to the lien of the pledge without physical delivery or
10 further act; and that the lien of the pledge shall be valid and bind-
11 ing as against all parties having claims of any kind in tort, contract
12 or otherwise against the corporation irrespective of whether the
13 parties have notice. Neither the resolution, trust agreement nor any
14 other instrument by which a pledge is created need be recorded or
15 filed under the provisions of the Uniform Commercial Code (AS 45.01 -
16 AS 45.09) to be valid, binding or effective against parties.

17 Sec. 14.42.260. NONLIABILITY ON BONDS. (a) Neither the mem-
18 bers of the corporation nor a person executing the bonds are liable
19 personally on the bonds or are subject to personal liability or
20 accountability by reason of the issuance of the bonds.

21 (b) The bonds issued by the corporation do not constitute an
22 indebtedness or other liability of the state or of a political sub-
23 division of the state, except the corporation, but shall be payable
24 solely from the income and receipts or other funds or property of the
25 corporation. The corporation may not pledge the faith or credit of
26 the state or of a political subdivision of the state (except the
27 corporation) to the payment of a bond and the issuance of a bond by
28 the corporation does not directly or indirectly contingently obligate
29 the state or a political subdivision of the state to apply money from,

1 or levy or pledge any form of taxation whatever to the payment of the
2 bond.

3 Sec. 14.42.270. PLEDGE OF STATE. The state pledges to and
4 agrees with holders of bonds issued under this chapter that the state
5 will not limit or alter the rights and powers vested in the corpor-
6 ation by this chapter to fulfill the terms of a contract made by the
7 corporation with the holders or in any way impair the rights and
8 remedies of the holders until the bonds, together with the interest on
9 them with interest on unpaid installments of interest, and all costs
10 and expenses in connection with an action or proceeding by or on
11 behalf of the holders, are fully met and discharged. The corporation
12 is authorized to include this pledge and agreement of the state in
13 contract with the holders.

14 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
15 property of this corporation and its assets, income and receipts are
16 declared to be the property of a political subdivision of the state
17 and devoted to an essential public and governmental function and
18 purpose, and the property, assets income, receipts, and other in-
19 terests of the corporation shall be exempt from all taxes and special
20 assessments of the state of a political subdivision of the state,
21 including, without limitation, all borough, cities, municipalities,
22 school districts, public utility districts and other taxing units.
23 All bonds of the corporation are declared to be issued by a political
24 subdivision of the state and for an essential public and governmental
25 purpose and to be public instrumentality, and the bonds, and the
26 interest on them, the income from them and the transfer of the bonds,
27 and all assets, income and receipts pledged to pay or secure the
28 payment of the bonds, or interest on them, shall at all times be
29 exempt from taxation by or under the authority of the state, except

1 for inheritance and estate taxes and taxes on transfers by or in
2 contemplation of death. Nothing in this section affects or limits an
3 exemption from license fees, property taxes, or excise, income or any
4 other taxes provided under any other law, nor does it create a tax
5 exemption with respect to the interest of any business, enterprise or
6 the person, other than the corporation, in any property, assets,
7 income, receipts, or other interest.

8 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
9 bonds of the corporation are securities in which all public officers
10 and bodies of the state and all municipalities and municipal sub-
11 divisions, all insurance companies and associations and other persons
12 carrying on a insurance business, all banks, bankers, trust companies,
13 savings banks, savings associations, including savings associations
14 and building and loan associations, investment companies and other
15 persons carrying on a banking business, all administrators, guardians,
16 executors, trustees and other fiduciaries, and all other persons
17 whatsoever who are now or may hereafter be authorized to invest in
18 bonds or other obligations of the state, may properly and legally
19 invest funds including any other provisions of law, the bonds of the
20 corporation are also securities which may be deposited with and may be
21 received by all public officers and bodies of this state and all
22 municipalities and municipal subdivisions for any purpose for which
23 the deposit of bonds or other obligations of the state is now or may
24 hereafter be authorized.

25 Sec. 14.42.310. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)
26 The corporation shall not be considered or constitute (1) a political
27 subdivision of the state as the term is used in AS 37.10.085, (2) a
28 municipal corporation or political subdivision of the state as the
29 terms are used in AS 29, or (3) except as provided in AS 14.42.320, a

1 state agency as the term is used in AS 37, but for all other purposes
2 the corporation constitutes a political subdivision and an instrumen-
3 tality of the state provided in this chapter.

4 (b) The funds, income or receipts of the corporation shall not
5 be considered or constitute money of the state, nor shall real pro-
6 perty in which the corporation has an interest be considered land
7 owned in fee by the state or to which the state may become entitled or
8 in any way lands belonging to the state, or state lands referred to in
9 art VIII of the Alaska Constitution.

10 Sec. 14.42.370. ANNUAL AUDIT. The corporation shall have its
11 financial records audited annually by the legislative auditor or by a
12 certified public accountant approved by the legislative auditor. The
13 legislative auditor may prescribe the form and content of the finan-
14 cial records of the corporation and shall have access to these records
15 at any time.

16 * Sec. 2. AS 14.43.120(d) is amended to read:

17 (d) scholarship loans may not be made to a student
18 (1) for more than five years of undergraduate study;
19 (2) for more than five years of graduate study;
20 (3) for more than a total of eight years of undergraduate
21 and graduate study;
22 (4) to attend an institution for which the default rate on
23 loans made to students to attend the institution exceeds the program
24 default rate by more than 150 percent.

25 * Sec. 3. Notwithstanding the provisions of AS 14.42.160 enacted by
26 section 1 of this Act, if the executive officer of the Commission on Post-
27 secondary Education does not consent to appointment as executive director
28 of the Alaska Student Loan Corporation in writing filed with the Alaska
29 Student Loan Corporation within 60 days after the effective date of this

1 Act, the Alaska Student Loan Corporation shall take such steps as it con-
2 sidered necessary or appropriate to employ an executive director who is not
3 the executive officer of the Commission on Postsecondary Education. If the
4 Alaska Student Loan Corporation employs an executive director under this
5 section who is not the executive officer of the Commission on Postsecondary
6 Education, each time a vacancy occurs in the position of executive direc-
7 tor, the Alaska Student Loan Corporation shall allow the executive officer
8 of the Commission on Postsecondary Education three business days to file a
9 written consent to the provisions of AS 14.42.160. If the executive officer
10 fails to file the written consent within the three business days allowed,
11 the Alaska Student Loan Corporation shall seek an executive director other
12 than the executive officer of the Commission on Postsecondary Education. If
13 the executive officer of the Commission on Postsecondary Education files a
14 written consent described in this section during any of the times described
15 in this section, the provisions of AS 14.42.160 shall thereafter control
16 with respect to the appointment of the executive director of the Alaska
17 Student Loan Corporation.

18 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
19 10.070(c).
20
21
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29

ALASKA STATE LEGISLATURE

...14TH Legislature... FIRST Session

SENATE BILL NO. 13^{RB}
By FERGUSON

"An Act making a special appropriation to the Office of the Governor for the federal budget impact fund; and providing for an effective date."

Introduced in the Senate ..1/14.., 19.85

HISTORY IN THE SENATE

19 85
1 14 Read first time and referred to Committee on Judiciary and Finance

2 20 Reported back with Judiciary recommendation that 1 do pass,
19 86 3 more rec to Finance.
4 28 Fin: Replace w/CS, new title, 2 do pass, 5 more rec to Rules.
5 8 Rules: Offer Rls CS - Calumbe!

5 8 Read second time and Rls CS adopted, new title and add

5 8 Read third time and

PASS <i>ed</i>	Effective Date
Yeas - 17	Yeas
Nays - 2	Nays <i>same</i>
Absent - 1	Absent
Excused -	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

5 8 Reported correctly engrossed
Signed by President
Sent to House

Rajoy Mulligan
SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 86
May 8 Read first time and referred to Committee on Special State Loans Service

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.

**STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE**

Revision Date : _____

REQUEST

Bill/Resolution No. : H CS SB 1.3 (FIN)
 Title : Student Loan Corporation

 Sponsor : Senator Ferguson
 Requestor : House Finance Committee
 Date of Request : 5/12/86

FISCAL DETAIL

Agency Affected : Department Education
BRU: Postsecondary Education Commission

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
TRAVEL		-0-	-0-	-0-	-0-	-0-
CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
SUPPLIES		-0-	-0-	-0-	-0-	-0-
EQUIPMENT		-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS		-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS		-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING		-0-	-0-	-0-	-0-	-0-

CAPITAL		-----	-----	-----	-----	-----
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REVENUE		-0-	-0-	-0-	-0-	-0-
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FUNDING : (Thousands of Dollars)

GENERAL FUND		-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER		-----	-----	-----	-----	-----
TOTAL						

POSITIONS :

FULL-TIME		-0-	-0-	-0-	-0-	-0-
PART-TIME		-0-	-0-	-0-	-0-	-0-
TEMPORARY		-0-	-0-	-0-	-0-	-0-

ANALYSIS : Attach a separate page if necessary

The transfer of assets provided for in this legislation will be accomplished in an appropriations bill for FY 87.

Prepared by: Representative Al Adams - Chairman Phone: 465-3706
 Division: House Finance Committee Date: 5/12/86

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Cook
5/12/86

Original sponsor: Ferguson

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 13 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans; creating the
7 Alaska Student Loan Corporation; and providing for an
8 effective date."

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

10 * Section 1. AS 14.42 is amended by adding new sections to read:

11 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

12 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

13 There is created the Alaska Student Loan Corporation. The corporation
14 is a public corporation and government instrumentality within the
15 Department of Education but having a legal existence independent of
16 and separate from the state. The corporation may not be terminated as
17 long as it has bonds, notes or other obligations outstanding. Upon
18 termination of the corporation, its rights and property pass to the
19 state.

20 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the
21 corporation is to improve higher educational opportunities of resi-
22 dents of Alaska in accordance with the provisions of this chapter.

23 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-
24 ation shall be governed by a board of directors appointed by the
25 governor consisting of four members of the Commission on Postsecondary
26 Education, each of whom is selected for the commission under AS 14.-
27 42.015(a)(1) - (2), (4) - (6) or (8), and one member of the commission
28 selected under AS 14.42.015(a)(3). Members of the board serve without
29 compensation but are entitled to per diem and travel expenses

1 authorized by law for boards and commissions.

2 (b) The board shall elect a chairman from among its membership
3 at its annual meeting each year. A majority of the members constitute
4 a quorum for organizing the board, conducting its business and
5 exercising the powers of the corporation.

6 Sec. 14.42.130. MEETINGS OF THE BOARD. (a) The board shall
7 meet at the call of its chairman and at other times as the board may
8 determine in accordance with its regulations.

9 (b) Public notice of a meeting of the board at which the issu-
10 ance of corporation bonds is authorized shall be provided at least 24
11 hours before the meeting.

12 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep
13 minutes of each meeting and send a certified copy to the governor and
14 to the Legislative Budget and Audit Committee.

15 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
16 manage the assets and business of the corporation and may adopt, amend
17 and repeal bylaws and regulations, in accordance with the Admin-
18 istrative Procedure Act (AS 44.62), governing the manner in which the
19 business of the corporation is conducted and the manner in which its
20 powers are exercised. The board shall delegate supervision of the
21 administration of the corporation to the executive ~~officer~~ ^{officer} of the
22 corporation.

23 Sec. 14.42.160. EXECUTIVE OFFICER. The executive officer of the
24 Commission on Postsecondary Education appointed under AS 14.42.040(a)
25 shall serve as executive officer of the corporation.

26 Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The executive officer
27 may hire employees of the corporation and, subject to the approval of
28 the board, engage professional and technical advisors under contract
29 with the corporation. The board may appoint other officers and engage

1 professional and technical advisors as independent contractors. The
2 board shall prescribe the duties and compensation of corporation
3 personnel, including the executive officer.

4 Sec. 14.42.190. BUDGET. The operating budget of the corporation
5 is subject to the Executive Budget Act (AS 37.07).

6 Sec. 14.42.200. GENERAL POWERS. In addition to other powers
7 granted in this chapter, the corporation may:

8 (1) sue and be sued in its own name;

9 (2) adopt an official seal;

10 (3) make and execute agreements, contracts and other in-
11 struments necessary or convenient in the exercise of the powers and
12 functions of the corporation, including contracts with any person or
13 governmental entity;

14 (4) receive, administer and comply with the conditions and
15 requirements respecting any appropriation or gift, grant or donation
16 of property or money;

17 (5) borrow money as provided in this chapter to carry out
18 and effectuate its corporate purposes and issue its obligations as
19 evidence of the borrowing;

20 (6) include in borrowing the amounts to pay financing
21 charges, interest on the obligations for a period not exceeding one
22 year after the date on which the corporation estimates funds will
23 otherwise be available to pay the interest, consultant, advisory and
24 legal fees and other expenses necessary or incident to this borrowing;

25 (7) invest or reinvest, subject to its contracts with
26 noteholders and bondholders, money held by the corporation in obliga-
27 tions or other securities authorized for investments of the commis-
28 sioner of revenue under AS 37.10.070(a);

29 (8) collect from a borrower amounts owed with respect to a

1 student loan the corporation has purchased;

2 (9) gather information on student loans available to resi-
3 dents of Alaska and disseminate the information to reasonably assure
4 that qualified students are aware of financial resources available to
5 those attending or desiring to attend institutions for which loans may
6 be made under AS 14.43.090 - 14.43.325 or 14.43.600 - 14.43.700;

7 (10) service student loans held by the corporation;

8 (11) purchase or participate in the purchase of student
9 loans;

10 (12) contract in advance for the purchase or sale of student
11 loans;

12 (13) sell or participate in the sale, either public or
13 private and on terms authorized by the board, of student loans to the
14 Student Loan Marketing Association or to other purchasers;

15 (14) collect and pay reasonable fees and charges in connec-
16 tion with the purchase, sale, and servicing of student loans;

17 (15) enter into agreements with the federal government,
18 including guaranty agreements and supplemental guaranty agreements as
19 described in the United States Higher Education Act of 1965, as neces-
20 sary to provide for the receipt by the corporation of administrative
21 allowances and other benefits available under the United States Higher
22 Education Act of 1965;

23 (16) administer federal money allotted to the state with
24 respect to insured student loans and related administrative costs and
25 other matters;

26 (17) consent to the modification of the rate of interest,
27 time of payment of an installment of principal or interest, or other
28 terms of a student loan purchased by the corporation;

29 (18) procure insurance against any loss in connection with

1 the operation of its programs;

2 (19) provide advisory services to borrowers and other parti-
3 cipants in the corporation's programs;

4 (20) do all acts and things necessary, convenient or desir-
5 able to carry out the powers expressly granted or necessarily implied
6 in AS 14.42.100 - 14.42.330.

7 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
8 is established in the corporation. The student loan fund is a trust
9 fund to be used to carry out the purposes of AS 14.42.100 - 14.42.330.
10 The student loan fund consists of money or assets appropriated or
11 transferred to the corporation and money or assets deposited in it by
12 the corporation.

13 (b) Money and other assets of the student loan fund may be used
14 to secure bonds of the corporation, invested in the types of invest-
15 ments the commissioner of revenue may make under AS 37.10.070(a), or
16 used to purchase loans approved under AS 14.43.090 - 14.43.325 or
17 14.43.600 - 14.43.700.

18 (c) The corporation may not purchase student loans[^] in excess of
19 the total amount of ~~the~~ ^{money awarded} the previous fiscal year ~~of~~
20 ~~under~~ under AS 14.43.090 - 14.43.325 and 14.43.600 - 14.43.700.

with a total value

~~the total amount of the previous fiscal year of~~
~~under AS 14.43.090 - 14.43.325 and 14.43.600 - 14.43.700.~~

23 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (g)
24 of this section, the corporation may borrow money and may issue bonds,
25 on which the principal and interest are payable from its income and
26 receipts or other assets or a designated part or parts of them.

27 (b) Bonds may be authorized only by resolution of the board.
28 They shall be dated and may not mature more than 20 years after the
29 date of issue. Bonds shall bear interest at the rate or rates, be in

1 the denominations, be in the form, either coupon or registered, carry
2 the registration privileges, be executed in the manner, be payable in
3 the medium of payment, at the place or places, and be subject to the
4 terms of redemption as provided by the resolution or a subsequent
5 resolution.

6 (c) All bonds, regardless of form or character, are negotiable
7 instruments for all the purposes of the Uniform Commercial Code
8 (AS 45.01 - AS 45.09).

9 (d) All bonds may be sold at public or private sale in the
10 manner, for the price or prices, and at the time or times that the
11 board determines.

12 (e) Before issuance of any bonds, the board shall make provi-
13 sion, by agreement or otherwise, at least sufficient in the judgment
14 of the board to pay the principal of and interest on the bonds as they
15 become due and to create and maintain the reserves for the bonds the
16 board considers necessary or desirable and to meet all obligations in
17 connection with the agreement and all costs necessary to service the
18 bonds, unless the agreement provides that the obligations are to be
19 met or costs are to be paid by a party other than the corporation.

20 (f) The superior court has jurisdiction to hear and determine
21 proceedings relating to the corporation, including proceedings brought
22 by or for the benefit of a holder of its bonds or by a trustee for or
23 other representative of a holder.

24 (g) The corporation may not issue bonds during any fiscal year
25 in an amount greater than \$45,000,000 unless the legislature, by law,
26 approves issuance of a greater amount.

27 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. An
28 issue of bonds by the corporation may be secured by a trust indenture
29 or trust agreement between the corporation and a corporate trustee,

1 /which may be a trust company, bank, or national banking association,
2 with corporate trust powers, located inside or outside the state, or
3 by a secured loan agreement or other instrument or under a resolution
4 giving powers to a corporate trustee by means of which the corporation
5 may:

6 (1) make and enter into any and all the covenants and
7 agreements with the trustee or the holders of the bonds that the board
8 determines to be necessary or desirable, including covenants, pro-
9 visions, limitations and agreements as to the

10 (A) application, investment, deposit, use and disposi-
11 tion of the proceeds of bonds of the corporation or of money or
12 other property of the corporation or in which it has an interest;

13 (B) fixing and collection of loan payments and other
14 consideration for a student loan;

15 (C) assignment by the corporation of its rights in a
16 student loan or in a mortgage or other security interest created
17 with respect to a student loan to a trustee for the benefit of
18 bondholders;

19 (D) terms and conditions upon which additional bonds
20 of the corporation may be issued;

21 (E) vesting in a trustee of rights, powers, duties,
22 funds or property in trust for the benefit of bondholders, in-
23 cluding the right to enforce payment, performance and all other
24 rights of the corporation or of the bondholders, under a student
25 loan or a security interest created with respect to a student
26 loan;

27 (2) pledge, mortgage or assign money, agreements, property,
28 or other assets of the corporation either presently in hand or to be
29 received in the future, or both; and

1 (3) provide for any other matters that in any way affect
2 the security or protection of the bonds.

3 Sec. 14.42.240. RESERVES AND CAPITAL RESERVES. (a) For the
4 purpose of securing one or more issues of bonds of the corporation,
5 the board may establish one or more special funds, called "capital
6 reserve funds," and may pay into those capital reserve funds the
7 proceeds of the sale of bonds and other money available to the
8 corporation from other sources for the purposes of the capital reserve
9 funds. A capital reserve fund may be established only if the board
10 determines that the establishment of the fund would enhance the mar-
11 ketability of the bonds. Money in a capital reserve fund, except as
12 provided in this section, may be used as required only for the (1)
13 payment of the principal of, and interest on, bonds or of the sinking
14 fund payments with respect to those bonds; (2) purchase or redemption
15 of the bonds; or (3) payment of a redemption premium required to be
16 paid when the bonds are redeemed before maturity. However, money in a
17 capital reserve fund may not be withdrawn if the withdrawal would
18 reduce the amount in the capital reserve fund to less than the capital
19 reserve fund requirement, except for the purpose of making payment,
20 when due, of principal, interest redemption premiums on the bonds, and
21 sinking fund payments when other money of the corporation is not
22 available for the payments. Income or interest earned by, or incre-
23 ment to, a capital reserve fund, from the investment of all or part of
24 the fund, may be transferred by the corporation to other funds or
25 accounts of the corporation if the transfer does not reduce the amount
26 of the capital reserve fund below the capital reserve fund require-
27 ment.

28 (b) If the board decides to issue bonds secured by a capital
29 reserve fund, the bonds may not be issued if the amount in the capital

1 reserve fund is less than the capital reserve fund requirement, unless
2 the corporation, at the time of issuance of the bonds, pledges to
3 deposit in the capital reserve fund from the proceeds of the bonds to
4 be issued or from other sources, an amount that, together with the
5 amount then in the fund, is not less than the capital reserve fund
6 requirement.

7 (c) In computing the amount of a capital reserve fund for the
8 purpose of this section, securities in which all or a portion of the
9 fund is invested shall be valued by a reasonable method established by
10 the board by resolution. Valuation shall include the amount of inter-
11 est earned or accrued as of the date of valuation.

12 (d) The chairman of the board shall annually, no later than
13 January 2, certify in writing to the governor and the legislature the
14 amount, if any, required to restore a capital reserve fund to the
15 capital reserve fund requirement. The legislature may appropriate to
16 the corporation the amount certified by the chairman. The corporation
17 shall deposit the amounts appropriated under this subsection during a
18 fiscal year in the proper capital reserve fund. Nothing in this
19 section creates a debt or liability of the state.

20 (e) The board may establish reserve funds, other than capital
21 reserve funds, to secure one or more issues of bonds of the corpo-
22 ration. The corporation may deposit in a reserve fund established
23 under this subsection the proceeds of sale of its bonds and other
24 money available from any other source. A reserve fund established
25 under this subsection must comply with (a) - (c) of this section. The
26 corporation may allow a reserve fund established under this subsection
27 to be depleted without complying with (d) of this section.

28 (f) In this section, "capital reserve fund requirement" means
29 the amount required to be on deposit in the capital reserve fund as of

1 the date of computation as determined by resolution of the board.

2 Sec. 14.42.250. VALIDITY OF PLEDGE. It is the intention of the
3 legislature that a pledge made in respect of bonds shall be valid and
4 binding from the time the pledge is made; that the money or property
5 so pledged and thereafter received by the corporation shall immediately
6 be subject to the lien of the pledge without physical delivery or
7 further act; and that the lien of the pledge shall be valid and binding
8 as against all parties having claims of any kind in tort, contract
9 or otherwise against the corporation irrespective of whether the
10 parties have notice. Neither the resolution, trust agreement nor any
11 other instrument by which a pledge is created need be recorded or
12 filed under the provisions of the Uniform Commercial Code (AS 45.01 -
13 AS 45.09) to be valid, binding or effective.

14 Sec. 14.42.260. NONLIABILITY ON BONDS. (a) The members of the
15 board and individuals executing the bonds of the corporation are not
16 liable personally on the bonds or subject to personal liability or
17 accountability by reason of the issuance of the bonds.

18 (b) The bonds issued by the corporation do not constitute an
19 indebtedness or other liability of the state or of a political sub-
20 division of the state, except the corporation, but shall be payable
21 solely from the income and receipts or other funds or property of the
22 corporation. The corporation may not pledge the faith or credit of
23 the state, or of a political subdivision of the state except the
24 corporation, to the payment of a bond and the issuance of a bond by
25 the corporation. Issuance of a bond by the corporation does not
26 directly, indirectly, or contingently obligate the state or a political
27 subdivision of the state to apply money from, or levy or pledge
28 any form of taxation whatever to the payment of the bond.

29 Sec. 14.42.265. UNDERWRITERS. After ~~December 31, 1986~~ ^{December 31, 1986}, the board

1 may select an underwriter only by using a competitive method.

2 Sec. 14.42.270. PLEDGE OF STATE. The state pledges to and
3 agrees with holders of bonds issued by the corporation that the state
4 will not limit or alter the rights and powers vested in the corpor-
5 ation under AS 14.42.100 - 14.42.330 to fulfill the terms of a con-
6 tract made by the corporation with the holders or in any way impair
7 the rights and remedies of the holders until the bonds, together with
8 the interest on them with interest on unpaid installments of interest,
9 and all costs and expenses in connection with an action or proceeding
10 by or on behalf of the holders, are fully met and discharged. The
11 corporation is authorized to include this pledge and agreement of the
12 state in a contract with the holders.

13 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
14 property of the corporation and its assets, income and receipts are
15 declared to be the property of a political subdivision of the state
16 and devoted to an essential public and governmental function and
17 purpose, and the property, assets, income, receipts, and other in-
18 terests of the corporation are exempt from all taxes and special
19 assessments or the state or a political subdivision of the state,
20 including, municipalities, school districts, public utility districts
21 and other taxing units. All bonds of the corporation are declared to
22 be issued by a political subdivision of the state and for an essential
23 public and governmental purpose, and the bonds, and the interest on
24 them, the income from them and the transfer of the bonds, and all
25 assets, income and receipts pledged to pay or secure the payment of
26 the bonds, or interest on them, are exempt from taxation by or under
27 the authority of the state, except for inheritance and estate taxes
28 and taxes on transfers by or in contemplation of death. Nothing in
29 this section affects or limits an exemption from license fees,

1 property taxes, or excise, income or other taxes provided under other
2 law, nor does it create a tax exemption with respect to the interest
3 of a person, other than the corporation, in property, assets, income,
4 receipts, or other interests.

5 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
6 bonds of the corporation are securities in which all public officers
7 and bodies of the state, all municipalities, all insurance companies,
8 associations, and other persons carrying on an insurance business, all
9 banks, bankers, trust companies, savings banks, savings associations,
10 including savings associations and building and loan associations,
11 investment companies and other persons carrying on a banking business,
12 all administrators, guardians, executors, trustees and other fidu-
13 ciaries, and all other persons are authorized to invest in bonds or
14 other obligations of the state, may properly and legally invest funds
15 including capital in their control or belonging to them. Notwith-
16 standing any other provisions of law, the bonds of the corporation are
17 also securities that may be deposited with and may be received by all
18 public officers and bodies of this state and all municipalities for
19 any purpose for which the deposit of bonds or other obligations of the
20 state is now or may hereafter be authorized.

21 Sec. 14.42.310. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)
22 The corporation shall not be considered or constitute (1) a political
23 subdivision of the state as the term is used in AS 37.10.085; (2) a
24 municipality as the term is defined in AS 01.10.060; or (3) except as
25 provided in AS 14.42.190 and 14.42.320, a state agency as the term is
26 used in AS 37; but for all other purposes the corporation constitutes
27 a political subdivision and an instrumentality of the state.

28 (b) The funds, income or receipts of the corporation may not be
29 considered and do not constitute money of the state, nor may real

1 property in which the corporation has an interest be considered land
2 owned in fee by the state or to which the state may become entitled or
3 in any way land belonging to the state, or state land referred to in
4 art. VIII of the Alaska Constitution.

5 Sec. 14.42.320. ANNUAL AUDIT. The financial records of the
6 corporation shall be audited annually by the legislative auditor or by
7 a certified public accountant approved by the legislative auditor.
8 The legislative auditor may prescribe the form and content of the
9 financial records of the corporation and shall have access to these
10 records at any time.

11 Sec. 14.42.330. DEFINITIONS. In AS 14.42.100 - 14.42.330,

12 (1) "board" means the board of directors of the corpo-
13 ration;

14 (2) "corporation" means the Alaska Student Loan Corpora-
15 tion.

16 * Sec. 2. AS 14.43.090(a) is amended to read:

17 (a) There is created a scholarship revolving loan fund. The
18 fund shall be used to make scholarship loans to students selected
19 under AS 14.43.050 - 14.43.160 and to pay the costs of collecting
20 student loans that are in default if those costs are not recovered
21 from the student. Unless the instrument evidencing the scholarship
22 loan has been sold to the Alaska Student Loan Corporation, [ALL]
23 repayments of principal and interest on a scholarship loan [LOANS]
24 shall be paid into the scholarship revolving loan fund. If money
25 estimated to be available [FROM SCHOLARSHIP LOAN REPAYMENTS] is
26 inadequate to fully fund estimated scholarship loans for any fiscal
27 year, additional funding from the general fund may be requested and
28 appropriated for that year.

29 * Sec. 3. AS 14.43.090 is amended by adding a new subsection to read:

1 (d) The student financial aid committee may sell notes and other
2 instruments evidencing scholarship loans to the Alaska Student Loan
3 Corporation. Proceeds from the sale of notes and other instruments
4 shall be deposited in the scholarship revolving loan fund.

5 * Sec. 4. AS 14.43.120(d) is amended to read:

6 (d) scholarship loans may not be made to a student

7 (1) for more than five years of undergraduate study;

8 (2) for more than five years of graduate study;

9 (3) for more than a total of eight years of undergraduate
10 and graduate study;

11 (4) to attend an institution if the default rate on loans
12 made to students to attend the institution exceeds the program default
13 rate by more than 150 percent.

14 * Sec. 5. AS 14.43.255(a) is amended to read:

15 (a) There is created a memorial scholarship revolving loan fund.
16 The fund shall be used to provide educational scholarship loans to
17 students selected under AS 14.43.250 - 14.43.325. Unless the instru-
18 ment evidencing the memorial scholarship loan has been sold to the
19 Alaska Student Loan Corporation, [ALL] repayments of principal on a
20 memorial scholarship loan shall be paid into the memorial scholarship
21 revolving loan fund and shall be used to make new scholarship loans.

22 * Sec. 6. AS 14.43.255 is amended by adding a new subsection to read:

23 (c) The student financial aid committee may sell notes and other
24 instruments evidencing memorial scholarship loans to the Alaska Stu-
25 dent Loan Corporation. Proceeds from the sale of a note or other
26 instrument shall be deposited in the appropriate memorial scholarship
27 loan fund.

28 * Sec. 7. AS 14.43.620 is amended to read:

29 Sec. 14.43.620. TEACHER SCHOLARSHIP REVOLVING LOAN FUND. There

1 is created a teacher scholarship revolving loan fund. The fund shall
2 be used to make scholarship loans to students selected under AS 14.-
3 43.600 - 14.43.700. Unless the instrument evidencing the teacher
4 scholarship loan has been sold to the Alaska Student Loan Corporation,
5 [ALL] repayments of principal and interest on a teacher scholarship
6 loan [LOANS] shall be paid into the teacher scholarship revolving loan
7 fund and shall be used to make new teacher scholarship loans. If
8 estimated funds available [FROM TEACHER SCHOLARSHIP LOAN REPAYMENTS]
9 are inadequate to fully fund estimated teacher scholarship loans for
10 any fiscal year, additional funding from the general fund may be
11 requested and appropriated for that year.

12 * Sec. 8. AS 14.43.620 is amended by adding a new subsection to read:

13 (b) The student financial aid committee may sell notes and other
14 instruments evidencing teacher scholarship loans to the Alaska Student
15 Loan Corporation. Proceeds from the sale of the notes or other in-
16 struments shall be deposited in the teacher scholarship revolving loan
17 fund.

18 * Sec. 9. This Act takes effect immediately in accordance with AS 01.-
19 10.070(c).
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ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 ANALYSIS OF LOAN REPAYMENT

YEAR ENDING 6/30	VOLUME OF STUDENT LOANS MADE	LOANS BEGINNING REPAYMENT	CUMULATIVE LOANS IN REPAYMENT	UNADJUSTED REPAYMENT CASH FLOW	REPAYMENT ADJUSTED FOR DEFAULTS	LESS: LOANS FORGIVEN	NET LOAN COLLECTIONS
1972	1,603,158	0	0	0	0	0	0
1973	2,870,384	0	0	0	0	0	0
1974	2,986,176	240,474	240,474	31,142	26,471	4,632	21,839
1975	2,659,807	723,252	1,023,726	132,577	112,691	19,721	92,970
1976	3,382,997	1,640,516	2,654,242	345,032	293,277	51,323	241,953
1977	3,850,507	2,397,227	5,051,470	655,483	557,161	97,503	459,658
1978	4,604,167	2,820,707	7,882,177	1,020,778	867,661	151,841	715,821
1979	6,416,402	3,055,447	10,937,624	1,416,472	1,204,001	210,700	993,301
1980	9,373,949	3,487,061	14,424,685	1,868,063	1,587,853	277,874	1,309,979
1981	15,957,717	4,226,198	18,650,883	2,415,375	2,053,068	359,287	1,693,782
1982	40,559,499	5,460,112	24,110,995	3,122,484	2,654,112	464,470	2,189,642
1983	55,007,395	7,928,727	32,039,722	4,149,291	3,526,897	617,207	2,909,690
1984	62,712,316	14,530,168	46,329,416	5,999,671	5,099,891	892,481	4,207,410
1985	75,075,893	25,140,833	70,696,997	9,154,289	7,781,146	1,361,701	6,419,445
1986	80,675,498	39,602,445	108,728,925	14,000,893	11,968,759	2,094,533	9,874,226
1987	0	53,857,540	160,189,238	20,745,239	17,633,453	3,085,854	14,547,599
1988	0	64,536,012	221,904,542	28,737,653	24,427,005	4,274,726	20,152,279
1989	0	60,798,315	279,647,410	36,215,619	30,783,276	5,387,073	25,396,203
1990	0	48,248,123	324,408,472	42,012,381	35,710,524	6,249,342	29,461,182
1991	0	21,953,895	342,136,169	44,308,199	37,661,967	6,590,845	31,071,125
1992	0	5,535,293	342,211,350	44,317,935	37,670,245	6,592,293	31,077,952
1993	0	1,613,510	335,896,133	43,500,086	36,975,073	6,470,638	30,504,435
1994	0	0	321,365,965	41,618,363	35,375,608	6,190,731	29,184,877
1995	0	0	296,225,132	38,362,510	32,608,133	5,706,423	26,901,710
1996	0	0	256,542,687	33,223,452	28,239,934	4,941,988	23,297,945
1997	0	0	202,685,148	26,248,654	22,311,356	3,904,487	18,406,869
1998	0	0	138,147,136	17,090,945	15,207,303	2,661,278	12,546,025
1999	0	0	77,350,821	10,017,285	8,514,692	1,490,071	7,024,621
2000	0	0	29,102,698	3,768,932	3,203,593	560,629	2,642,964
2001	0	0	7,148,803	925,803	786,932	137,713	649,219
2002	0	0	1,613,510	208,957	177,613	31,082	146,531
2003	0	0	0	0	0	0	0
	367,935,855	367,935,855	3,679,358,550	476,493,765	405,019,700	70,878,448	334,141,253

TIMING OF FIRST LOAN REPAYMENT:

1 YEAR AFTER LOAN IS MADE	0 %
2 YEARS AFTER LOAN IS MADE	15 %
3 YEARS AFTER LOAN IS MADE	22 %
4 YEARS AFTER LOAN IS MADE	35 %
5 YEARS AFTER LOAN IS MADE	21 %
6 YEARS AFTER LOAN IS MADE	5 %
7 YEARS AFTER LOAN IS MADE	2 %

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
ALASKA STUDENT LOAN PROGRAM
SERIES 1986 VARIABLE RATE DEMAND BONDS
ANALYSIS OF AMORTIZATION

YEAR ENDING 6/30	NEW BOND LOANS MADE	EQUITY & RECYCLED LOANS MADE	COLLECTIONS ON PRIOR LOANS †	COLLECTIONS ON NEW BOND LOANS ††	COLLECTIONS ON EQUITY LOANS ††	OUTSTANDING PRINCIPAL	INTEREST	PRINCIPAL RETIREMENT	ENDING PRINCIPAL BALANCE
1987	40,000,000	42,912,599	14,547,599	0	0	40,000,000	4,000,000	7,635,000	32,365,000
1988	40,000,000	44,030,779	20,152,279	0	0	72,365,000	7,236,500	8,885,000	63,480,000
1989	40,000,000	45,307,660	25,396,203	544,890	584,567	103,480,000	10,348,000	10,870,000	92,610,000
1990	40,000,000	46,680,866	29,461,182	1,888,954	2,041,730	132,610,000	13,261,000	13,450,000	119,160,000
1991	40,000,000	48,097,170	31,071,125	4,504,428	4,902,617	159,160,000	15,916,000	16,465,000	142,695,000
1992	40,000,000	49,527,857	31,077,952	7,882,749	8,661,656	182,695,000	18,269,500	19,825,000	162,870,000
1993	40,000,000	50,934,326	30,504,435	11,442,700	12,724,191	202,870,000	20,287,000	23,450,000	179,420,000
1994	40,000,000	52,253,711	29,184,877	15,075,304	16,983,530	219,420,000	21,942,000	27,050,000	192,370,000
1995	40,000,000	53,401,266	26,901,710	18,707,907	21,373,648	232,370,000	23,237,000	30,345,000	202,025,000
1996	40,000,000	54,309,836	23,297,945	22,340,510	25,888,880	242,025,000	24,202,500	33,015,000	209,010,000
1997	40,000,000	54,986,002	18,406,869	25,973,114	30,527,019	249,010,000	24,901,000	35,020,000	213,990,000
1998	40,000,000	55,486,034	12,546,025	29,605,717	35,278,292	253,990,000	25,399,000	36,545,000	217,445,000
1999	40,000,000	55,856,535	7,024,621	32,693,430	39,542,984	257,445,000	25,744,500	37,660,000	219,785,000
2000	40,000,000	56,131,143	2,642,954	34,981,970	43,014,710	259,785,000	25,978,500	38,530,000	221,255,000
2001	40,000,000	56,361,994	649,219	35,999,099	45,144,176	261,255,000	26,125,500	39,305,000	221,950,000
2002	40,000,000	56,566,545	146,531	36,253,381	46,421,632	261,950,000	26,195,000	40,060,000	221,890,000
2003	40,000,000	56,752,291	0	36,326,033	47,430,258	261,890,000	26,189,000	40,815,000	221,075,000
2004	40,000,000	56,920,303	0	36,326,033	48,266,769	261,075,000	26,107,500	41,565,000	219,510,000
2005	40,000,000	57,068,318	0	36,326,033	48,998,285	259,510,000	25,951,000	42,305,000	217,205,000
2006	40,000,000	57,192,045	0	36,326,033	49,621,511	257,205,000	25,720,500	43,035,000	214,170,000
2007	40,000,000	57,297,588	0	36,326,033	50,138,555	254,170,000	25,417,000	43,750,000	210,420,000
2008	40,000,000	57,381,372	0	36,326,033	50,557,339	250,420,000	25,042,000	44,440,000	205,980,000
2009	40,000,000	57,446,204	0	36,326,033	50,891,171	245,960,000	24,596,000	45,175,000	200,785,000
2010	40,000,000	57,499,011	0	36,326,033	51,156,477	240,785,000	24,078,500	45,905,000	194,880,000

CASH FLOW COVERAGE FACTOR: 1.25
VARIABLE RATE DEMAND BOND INTEREST RATE: 10.00%
DEFAULT RATE ON NEW LOANS: 15.00%

† Collections on Prior Loans are based on 4/17/86 projections.
†† Collections on New Loans reflects Forgiveness on 15% of expected repayments.

ALASKA COMMISSION ON POSTSECONDARY EDUCATION
 ALASKA STUDENT LOAN PROGRAM
 SERIES 1986 VARIABLE RATE DEMAND BONDS
 ANALYSIS OF AMORTIZATION (FUTURE LOANS AT 0%)

YEAR ENDING 6/30	NEW BOND LOANS MADE	EQUITY & RECYCLED LOANS MADE	COLLECTIONS ON PRIOR LOANS †	COLLECTIONS ON NEW BOND LOANS ‡	COLLECTIONS ON EQUITY LOANS ‡	OUTSTANDING PRINCIPAL	INTEREST	PRINCIPAL RETIREMENT	ENDING PRINCIPAL BALANCE
1987	45,000,000	37,912,599	14,547,599	0	0	45,000,000	4,500,000	7,135,000	37,865,000
1988	45,000,000	39,030,779	20,152,279	0	0	82,865,000	8,286,500	7,835,000	75,030,000
1989	45,000,000	40,342,944	25,396,203	705,422	594,319	120,030,000	12,003,000	9,350,000	110,680,000
1990	45,000,000	41,831,480	29,461,182	2,445,462	2,077,836	155,680,000	15,568,000	11,615,000	144,065,000
1991	45,000,000	43,300,487	31,071,125	5,031,487	4,994,376	139,065,000	13,906,500	14,610,000	174,455,000
1992	45,000,000	45,024,450	31,077,952	10,205,102	8,836,096	219,455,000	21,945,500	18,150,000	201,305,000
1993	45,000,000	46,645,137	30,504,435	14,013,857	13,000,345	246,305,000	24,630,500	22,030,000	224,275,000
1994	45,000,000	48,223,146	29,184,877	19,516,667	17,409,100	269,275,000	26,927,500	25,960,000	243,315,000
1995	45,000,000	49,622,038	26,901,710	24,219,481	21,972,348	288,315,000	28,831,500	29,640,000	258,675,000
1996	45,000,000	50,705,635	23,297,945	28,922,293	26,702,097	303,675,000	30,367,500	32,770,000	270,905,000
1997	45,000,000	51,730,074	18,406,849	33,625,104	31,590,601	315,905,000	31,590,500	35,310,000	280,595,000
1998	45,000,000	52,509,021	12,546,025	38,327,916	36,649,579	325,595,000	32,559,500	37,455,000	288,140,000
1999	45,000,000	53,121,077	7,024,621	42,325,306	41,245,149	333,140,000	33,314,000	39,160,000	293,980,000
2000	45,000,000	53,603,318	2,642,964	45,288,078	45,070,276	338,980,000	33,898,000	40,500,000	298,480,000
2001	45,000,000	53,966,614	649,219	46,604,865	47,560,530	343,480,000	34,348,000	41,500,000	301,980,000
2002	45,000,000	54,257,251	146,531	46,934,062	49,204,659	346,980,000	34,698,000	42,330,000	304,650,000
2003	45,000,000	54,526,608	0	47,028,118	50,583,490	349,650,000	34,965,000	43,120,000	306,530,000
2004	45,000,000	54,763,157	0	47,028,118	51,783,039	351,530,000	35,153,000	43,895,000	307,635,000
2005	45,000,000	54,977,318	0	47,028,118	52,059,700	352,635,000	35,263,500	44,645,000	307,990,000
2006	45,000,000	55,170,480	0	47,028,118	53,801,362	352,990,000	35,299,000	45,360,000	307,630,000
2007	45,000,000	55,330,953	0	47,028,118	54,605,835	352,630,000	35,263,000	46,040,000	306,590,000
2008	45,000,000	55,463,959	0	47,028,118	55,279,841	351,590,000	35,159,000	46,685,000	304,905,000
2009	45,000,000	55,574,578	0	47,028,118	55,836,940	349,705,000	34,970,500	47,300,000	302,605,000
2010	45,000,000	55,667,252	0	47,028,118	56,294,634	347,605,000	34,760,500	47,895,000	299,710,000

CASH FLOW COVERAGE FACTOR: 1.25
 VARIABLE RATE DEMAND BOND INTEREST RATE: 10.00%
 DEFAULT RATE ON NEW LOANS: 15.00%

† Collections on Prior Loans are based on 4/17/86 projections.
 ‡ Collections on New Loans reflects Forgiveness on 15% of expected repayments.

Original sponsor: Ferguson

1 IN THE SENATE BY THE RULES COMMITTEE

2 CS FOR SENATE BILL NO. 13 (Rules)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans; creating the
7 Alaska Student Loan Corporation; and providing for an
8 effective date."

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

10 * Section 1. AS 14.42 is amended by adding new sections to read:

11 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

12 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

13 There is created the Alaska Student Loan Corporation. The corporation
14 is a public corporation and government instrumentality within the
15 Department of Education but having a legal existence independent of
16 and separate from the state. The corporation may not be terminated as
17 long as it has bonds, notes or other obligations outstanding. Upon
18 termination of the corporation, its rights and property pass to the
19 state.

20 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the
21 corporation is to improve higher educational opportunities of resi-
22 dents of Alaska in accordance with the provisions of this chapter.

23 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-
24 ation shall be governed by a board of directors appointed by the
25 governor consisting of four individuals serving on the Commission on
26 Postsecondary Education pursuant to AS 14.42.015(a)(1) - (2), (4) -
27 (6) and (8), and one member appointed under AS 14.42.015(a)(3).
28 Members of the board serve without compensation but are entitled to
29 per diem and travel expenses as may be authorized by law for boards

1 and commissions.

2 Sec. 14.42.130. MEETING OF THE BOARD. (a) The Board shall
3 elect a chairman from among the membership at its annual meeting each
4 year. A majority of the members constitute a quorum for organizing
5 the board, conducting its business and exercising the powers of the
6 corporation. The board shall meet at the call of its chairman and at
7 such other times as the board may determine in accordance with its
8 regulations.

9 (b) The board may meet and transact business by electronic media
10 if

11 (1) public notice of the time and locations where the
12 meeting will be held by electronic media has been given in the same
13 manner as if the meeting were held in a single location;

14 (2) participants and members of the public in attendance
15 can hear and have the same right to participate in the meeting as if
16 the meeting were conducted in person; and

17 (3) copies of pertinent reference materials, statutes,
18 regulations, and audiovisual materials are reasonably available to
19 participants and the public.

20 (c) A meeting by electronic media as provided in this section
21 has the same legal effect as a meeting in person.

22 (d) For purposes of AS 14.42.100 - 14.42.320 public notice of 24
23 hours or more is adequate notice of a meeting of the board at which
24 the issuance of corporation bonds is authorized.

25 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep
26 minutes of each meeting and send a certified copy to the governor and
27 to the Legislative Budget and Audit Committee.

28 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
29 manage the assets and business of the corporation and may prescribe,

1 amend and repeal bylaws and regulations governing the manner in which
2 the business of the corporation is conducted and the manner in which
3 its powers are exercised in accordance with the Administrative Pro-
4 cedure Act (AS 44.62). The board shall delegate supervision of the
5 administration of the corporation to the executive director of the
6 corporation.

7 Sec. 14.42.160. EXECUTIVE DIRECTOR. The corporation shall
8 employ an executive officer, who may not be a member of the board.
9 The executive director shall be the executive officer of the Commis-
10 sion on Postsecondary Education appointed under AS 14.42.040(a).

11 Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The board may appoint
12 other officers and engage professional and technical advisors as
13 independent contractors. The executive director may hire employees of
14 the corporation and, subject to the approval of the board, engage
15 professional and technical advisors under contract with the corpor-
16 ation. The board shall prescribe the duties and compensation of
17 corporation personnel, including the executive director.

18 Sec. 14.42.190. BUDGET. The operating budget of the corporation
19 is subject to the Executive Budget Act (AS 37.07).

20 Sec. 14.42.200. GENERAL POWERS. In addition to other powers
21 granted in this chapter, the corporation may:

- 22 (1) sue and be sued in its own name;
- 23 (2) adopt an official seal;
- 24 (3) adopt bylaws for the regulation of its affairs and the
25 conduct of its business;
- 26 (4) employ fiscal consultants, attorneys, and such other
27 consultants and employees as may be required in the judgement of the
28 corporation, and fix and pay their compensation from money available
29 to the corporation;

1 (5) make and execute agreements, contracts and other in-
2 struments necessary or convenient in the exercise of the powers and
3 functions of the corporation under this chapter, including contracts
4 with any person, firm, corporation, governmental agency or other
5 entity;

6 (6) receive, administer and comply with the conditions and
7 requirements respecting any appropriation or gift, grant or donation
8 of property or money;

9 (7) acquire real property, or any interest in real prop-
10 erty, in its own name, by purchase, transfer or foreclosure, when the
11 acquisition is necessary or appropriate to protect any loan in which
12 the corporation has an interest; sell, transfer and convey any such
13 property to a buyer; and, if the sale, transfer or conveyance cannot
14 be effected with reasonable promptness or at a reasonable price, rent
15 or lease the property to a tenant pending the sale, transfer or con-
16 veyance;

17 (8) borrow money as provided in this chapter to carry out
18 and effectuate its corporate purposes and issue its obligations as
19 evidence of any such borrowing;

20 (9) include in any borrowing the amounts to pay financing
21 charges, interest on the obligations for a period not exceeding one
22 year after the date on which the corporation estimates funds will
23 otherwise be available to pay the interest, consultant, advisory and
24 legal fees and such other expenses as are necessary or incident to
25 this borrowing;

26 (10) invest or reinvest, subject to its contracts with
27 noteholders and bondholders, any money or funds held by the corpor-
28 ation in any obligations or other securities authorized under AS 37.-
29 10.070(z);

- 1 (11) collect from a borrower amounts owed with respect to a
2 student loan the corporation has purchased or made;
- 3 (12) gather information on loans available to residents of
4 Alaska attending or planning to attend an eligible institution and
5 disseminate the information to reasonably assure that qualified stu-
6 dents are aware of financial resources available to those attending or
7 desiring to attend an eligible institution;
- 8 (13) require an eligible institution or eligible lender to
9 file reports with the corporation as the corporation considers neces-
10 sary for the effective performance of its duties and publish the
11 information from the reports or other sources as the corporation
12 considers necessary;
- 13 (14) service student loans held by the corporation;
- 14 (15) except as specifically prohibited by law, obtain infor-
15 mation from a state agency or instrumentality or other source to
16 verify information submitted by or on behalf of a student applying for
17 or receiving assistance from the corporation;
- 18 (16) make or participate in the making of and purchase or
19 participate in the purchase of student loans;
- 20 (17) contract in advance for the purchase or sale of student
21 loans;
- 22 (18) sell or participate in the sale, either public or
23 private and on terms authorized by the board, of student loans to the
24 Student Loan Marketing Association or to other purchasers;
- 25 (19) collect and pay reasonable fees and charges in connec-
26 tion with the purchase, sale, and servicing of student loans;
- 27 (20) enter into agreements with the federal government
28 (including guaranty agreements and supplemental guaranty agreements as
29 described in the United States Higher Education Act of 1965) as

1 necessary to provide for the receipt by the corporation of administra-
2 tive allowances and other benefits available under the United States
3 Higher Education Act of 1965;

4 (21) enter into contracts with lenders upon terms and con-
5 ditions agreed upon between the corporation and the lenders, which
6 terms and conditions may reflect the requirements of the United States
7 Higher Education Act of 1965;

8 (22) enter into contracts with institutions upon the terms
9 and conditions agreed upon between the corporation and the institu-
10 tions, which terms and conditions may reflect the requirements of the
11 United States Higher Education Act of 1965;

12 (23) administer federal money allotted to the state with
13 respect to insured student loans and related administrative costs and
14 other matters;

15 (24) consent to the modification of the rate of interest,
16 time of payment of an installment of principal or interest, or other
17 terms of a student loan made or purchased by the corporation;

18 (25) procure insurance against any loss in connection with
19 the operation of its programs under this chapter;

20 (26) provide advisory services to borrowers and other parti-
21 cipants in the corporation's programs under this chapter;

22 (27) do all acts and things necessary, convenient or desir-
23 able to carry out the powers expressly granted or necessarily implied
24 in this chapter.

25 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
26 is established in the corporation. The student loan fund is a trust
27 fund for the uses and purposes of AS 14.42.100 - 14.42.320. The
28 student loan fund consists of money or assets appropriated or trans-
29 ferred to the corporation and other money or assets deposited in it by

1 the corporation.

2 (b) Money and other assets of the student loan fund may be used
3 to secure bonds of the corporation, or invested in the types of in-
4 vestments under AS 37.10.070(a) or shall be used to make or purchase
5 loans approved under AS 14.43.090 - 14.43.160.

6 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (g)
7 of this section, the corporation may borrow money and may issue bonds,
8 including but not limited to bonds on which the principal and interest
9 are payable,

10 (1) exclusively from the income and receipts or other money
11 derived from the loans financed with proceeds of the bonds;

12 (2) exclusively from the income and receipts or other money
13 derived from designated loans whether or not they are financed in
14 whole or in part with the proceeds of the bonds; or

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

17 (b) Bonds shall be authorized by resolution of the corporation,
18 and be dated and may not mature more than 20 years from the date of
19 its issue. Bonds shall bear interest at the rate or rates, be in the
20 denominations, be in the form, either coupon or registered, carry the
21 registration privileges, be executed in the manner, be payable in the
22 medium of payment, at the place or places, and be subject to the terms
23 of redemption which the resolution or a subsequent resolution may
24 provide.

25 (c) All bonds, regardless of form or character, shall be nego-
26 tiable instruments for all the purposes of the Uniform Commercial Code
27 (AS 45.01 - AS 45.09).

28 (d) All bonds may be sold at public or private sale in the
29 manner, for the price or prices, and at the time or times which the

1 corporation may determine.

2 (e) Before issuance of any bonds, the corporation shall make
3 provision by agreement or otherwise at least sufficient in the judg-
4 ment of the corporation to pay the principal of and interest on the
5 bonds as they become due and to create and maintain the reserves
6 therefor as the corporation considers necessary or desirable and to
7 meet all obligations in connection with the agreement and all costs
8 necessary to service the bonds unless the agreement provides that the
9 obligations are to be met or costs are to be paid by a party other
10 than the corporation.

11 (f) The superior court shall have jurisdiction to hear and
12 determine suits, actions or proceedings relating to the corporation,
13 including suits, actions or proceedings brought to foreclose or other-
14 wise enforce a mortgage or other security interest or brought by or
15 for the benefit of a holder of its bonds or by a trustee for or other
16 representative of the holders.

17 (g) The corporation may not issue bonds during any fiscal year
18 in an amount greater than \$45,000,000 unless the legislature, by law,
19 approves issuance of a greater amount.

20 (h) The corporation may not issue loans in excess of the total
21 amount of funds expended the previous fiscal year for student loans or
22 the amount appropriated in a fiscal year for student loans, whichever
23 is less.

24 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. In the
25 discretion of the corporation, an issue of bonds may be secured by a
26 trust indenture or trust agreement between the corporation and a
27 corporate trustee (which may be a trust company, bank, or national
28 banking association, with corporate trust powers, located inside or
29 outside the state) or by a secured loan agreement or other instrument

1 or under a resolution giving powers to a corporate trustee (herein-
2 after in this section referred to as "trust agreement") by means of
3 which the corporation may:

4 (1) make and enter into any and all the covenants and
5 agreements with the trustee or the holders or the bonds which the
6 corporation may determine to be necessary or desirable, including,
7 without limitation, covenants, provisions, limitations and agreements
8 as to:

9 (A) the application, investment, deposit, use and
10 disposition of the proceeds of bonds of the corporation or of
11 money or other property of the corporation or in which it has an
12 interest;

13 (B) the fixing and collection of loan payments and
14 other consideration for, and the other terms to be incorporated
15 in, a student loan;

16 (C) the assignment by the corporation of its rights in
17 a student loan or in a mortgage or other security interest creat-
18 ed with respect to a student loan to a trustee for the benefit of
19 bondholders;

20 (D) the terms and conditions upon which additional
21 bonds of the corporation may be issued;

22 (E) the vesting in a trustee of rights, powers,
23 duties, funds or property in trust for the benefit of bond-
24 holders, including, without limitation, the right to enforce
25 payment, performance and all other rights of the corporation or
26 of the bondholders, under a student loan or a security interest
27 created with respect to a student loan;

28 (2) pledge, mortgage or assign money, agreements, property,
29 or other assets of the corporation either presently in hand or to be

1 received in the future, or both; and

2 (3) provide for any other matters of like or different
3 character which in any way affect the security or protection of the
4 bonds.

5 Sec. 14.42.240. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND
6 REQUIREMENTS. (a) For the purpose of securing one or more issues of
7 its bonds, the corporation may establish one or more special funds,
8 called "capital reserve funds", and shall pay into those capital
9 reserve funds the proceeds of the sale of its bonds and other moneys
10 which may be made available to the corporation from other sources for
11 the purposes of the capital reserve funds. A capital reserve fund may
12 be established only if the corporation determines that the establish-
13 ment of the fund would enhance the marketability of the bonds. Money
14 in a capital reserve fund, except as provided in this section, may be
15 used as required only for (1) the payment of the principal of, and
16 interest on, bonds or of the sinking fund payments with respect to
17 those bonds; (2) the purchase or redemption of the bonds, or (3) the
18 payment of a redemption premium required to be paid when the bonds are
19 redeemed before maturity. However, money in a capital reserve fund
20 may not be withdrawn if the withdrawal would reduce the amount in the
21 capital reserve fund to less than the capital reserve fund require-
22 ment, except for the purpose of making payment, when due, of princi-
23 pal, interest redemption premiums on the bonds, and sinking fund
24 payments when other money of the corporation is not available for the
25 payments. Income or interest earned by, or increment to, a capital
26 reserve fund, from the investment of all or part of the fund, may be
27 transferred by the corporation to other funds or accounts of the
28 corporation if the transfer does not reduce the amount of the capital
29 reserve fund below the capital reserve fund requirement.

1 (b) If the corporation decides to issue bonds secured by a
2 capital reserve fund, the bonds may not be issued if the amount in
3 requirement, unless the corporation, at the time of issuance of the
4 bonds, deposits in the capital reserve fund from the proceeds of the
5 bonds to be issued or from other sources, an amount of which, together
6 with the amount then in the fund, is not less than the capital reserve
7 fund requirement.

8 (c) In computing the amount of a capital reserve fund for the
9 purpose of this section, securities in which all or a portion of the
10 fund is invested shall be valued by a reasonable method established by
11 the corporation by resolution. Valuation shall include the amount of
12 interest earned or accrued as of the date of valuation.

13 (d) The chairman of the corporation shall annually, no later
14 than January 2, certify in writing to the governor and the legislature
15 the amount, of any, required to restore a capital reserve fund to the
16 capital reserve fund requirement. The legislature may appropriate to
17 the corporation the amount certified by the chairman of the corpora-
18 tion. The corporation shall deposit the amounts appropriated under
19 this subsection during a fiscal year in the proper capital reserve
20 fund. Nothing in this section creates a debt or liability of the
21 state.

22 (e) In this section, "capital reserve fund requirement" means
23 the amount required to be on deposit in the capital reserve fund as of
24 the date of computation as determined by resolution of the corpora-
25 tion.

26 (f) The corporation may establish reserve funds, other than
27 capital reserve funds, to secure one or more issues of its bonds. The
28 corporation may deposit in a reserve fund established under this
29 subsection the proceeds of sale of its bonds and other money which may

1 he made available from any other source. A reserve fund established
2 under this subsection must comply with (a) - (c) of this section. The
3 corporation may allow a reserve fund established under this subsection
4 to be depleted without complying with (d) of this section.

5 Sec. 14.42.250. VALIDITY OF PLEDGE. It is the intention of the
6 legislature that a pledge made in respect of bonds shall be valid and
7 binding from the time the pledge is made; that the money or property
8 so pledged and thereafter received by the corporation shall immediate-
9 ly be subject to the lien of the pledge without physical delivery or
10 further act; and that the lien of the pledge shall be valid and bind-
11 ing as against all parties having claims of any kind in tort, contract
12 or otherwise against the corporation irrespective of whether the
13 parties have notice. Neither the resolution, trust agreement nor any
14 other instrument by which a pledge is created need be recorded or
15 filed under the provisions of the Uniform Commercial Code (AS 45.01 -
16 AS 45.09) to be valid, binding or effective against parties.

17 Sec. 14.42.260. NONLIABILITY ON BONDS. (a) Neither the mem-
18 bers of the corporation nor a person executing the bonds are liable
19 personally on the bonds or are subject to personnel liability or
20 accountability by reason of the issuance of the bonds.

21 (b) The bonds issued by the corporation do not constitute an
22 indebtedness or other liability of the state or of a political sub-
23 division of the state, except the corporation, but shall be payable
24 solely from the income and receipts or other funds or property of the
25 corporation. The corporation may not pledge the faith or credit of
26 the state or of a political subdivision of the state (except the
27 corporation) to the payment of a bond and the issuance of a bond by
28 the corporation does not directly or indirectly contingently obligate
29 the state or a political subdivision of the state to apply money from,

1 or levy or pledge any form of taxation whatever to the payment of the
2 bond.

3 Sec. 14.42.270. PLEDGE OF STATE. The state pledges to and
4 agrees with holders of bonds issued under this chapter that the state
5 will not limit or alter the rights and powers vested in the corpor-
6 ation by this chapter to fulfill the terms of a contract made by the
7 corporation with the holders or in any way impair the rights and
8 remedies of the holders until the bonds, together with the interest on
9 them with interest on unpaid installments of interest, and all costs
10 and expenses in connection with an action or proceeding by or on
11 behalf of the holders, are fully met and discharged. The corporation
12 is authorized to include this pledge and agreement of the state in
13 contract with the holders.

14 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
15 property of this corporation and its assets, income and receipts are
16 declared to be the property of a political subdivision of the state
17 and devoted to an essential public and governmental function and
18 purpose, and the property, assets income, receipts, and other in-
19 terests of the corporation shall be exempt from all taxes and special
20 assessments of the state of a political subdivision of the state,
21 including, without limitation, all borough, cities, municipalities,
22 school districts, public utility districts and other taxing units.
23 All bonds of the corporation are declared to be issued by a political
24 subdivision of the state and for an essential public and governmental
25 purpose and to be public instrumentality, and the bonds, and the
26 interest on them, the income from them and the transfer of the bonds,
27 and all assets, income and receipts pledged to pay or secure the
28 payment of the bonds, or interest on them, shall at all times be
29 exempt from taxation by or under the authority of the state, except

1 for inheritance and estate taxes and taxes on transfers by or in
2 contemplation of death. Nothing in this section affects or limits an
3 exemption from license fees, property taxes, or excise, income or any
4 other taxes provided under any other law, nor does it create a tax
5 exemption with respect to the interest of any business, enterprise or
6 the person, other than the corporation, in any property, assets,
7 income, receipts, or other interest.

8 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
9 bonds of the corporation are securities in which all public officers
10 and bodies of the state and all municipalities and municipal sub-
11 divisions, all insurance companies and associations and other persons
12 carrying on a insurance business, all banks, bankers, trust companies,
13 savings banks, savings associations, including savings associations
14 and building and loan associations, investment companies and other
15 persons carrying on a banking business, all administrators, guardians,
16 executors, trustees and other fiduciaries, and all other persons
17 whatsoever who are now or may hereafter be authorized to invest in
18 bonds or other obligations of the state, may properly and legally
19 invest funds including any other provisions of law, the bonds of the
20 corporation are also securities which may be deposited with and may be
21 received by all public officers and bodies of this state and all
22 municipalities and municipal subdivisions for any purpose for which
23 the deposit of bonds or other obligations of the state is now or may
24 hereafter be authorized.

25 Sec. 14.42.310. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)
26 The corporation shall not be considered or constitute (1) a political
27 subdivision of the state as the term is used in AS 37.10.085, (2) a
28 municipal corporation or political subdivision of the state as the
29 terms are used in AS 29, or (3) except as provided in AS 14.42.320, a

1 state agency as the term is used in AS 37, but for all other purposes
2 the corporation constitutes a political subdivision and an instrumen-
3 tality of the state provided in this chapter.

4 (b) The funds, income or receipts of the corporation shall not
5 be considered or constitute money of the state, nor shall real pro-
6 perty in which the corporation has an interest be considered land
7 owned in fee by the state or to which the state may become entitled or
8 in any way lands belonging to the state, or state lands referred to in
9 art. VIII of the Alaska Constitution.

10 Sec. 14.42.320. ANNUAL AUDIT. The corporation shall have its
11 financial records audited annually by the legislative auditor or by a
12 certified public accountant approved by the legislative auditor. The
13 legislative auditor may prescribe the form and content of the finan-
14 cial records of the corporation and shall have access to these records
15 at any time.

16 * Sec. 2. AS 14.43.120(d) is amended to read:

17 (d) scholarship loans may not be made to a student
18 (1) for more than five years of undergraduate study;
19 (2) for more than five years of graduate study;
20 (3) for more than a total of eight years of undergraduate
21 and graduate study;
22 (4) to attend an institution for which the default rate on
23 loans made to students to attend the institution exceeds the program
24 default rate by more than 150 percent.

25 * Sec. 3. Notwithstanding the provisions of AS 14.42.160 enacted by
26 section 1 of this Act, if the executive officer of the Commission on Post-
27 secondary Education does not consent to appointment as executive director
28 of the Alaska Student Loan Corporation in writing filed with the Alaska
29 Student Loan Corporation within 60 days after the effective date of this

1 Act, the Alaska Student Loan Corporation shall take such steps as it con-
2 siders necessary or appropriate to employ an executive director who is not
3 the executive officer of the Commission on Postsecondary Education. If the
4 Alaska Student Loan Corporation employs an executive director under this
5 section who is not the executive officer of the Commission on Postsecondary
6 Education, each time a vacancy occurs in the position of executive direc-
7 tor, the Alaska Student Loan Corporation shall allow the executive officer
8 of the Commission on Postsecondary Education three business days to file a
9 written consent to the provisions of AS 14.42.160. If the executive officer
10 fails to file the written consent within the three business days allowed,
11 the Alaska Student Loan Corporation shall seek an executive director other
12 than the executive officer of the Commission on Postsecondary Education. If
13 the executive officer of the Commission on Postsecondary Education files a
14 written consent described in this section during any of the times described
15 in this section, the provisions of AS 14.42.160 shall thereafter control
16 with respect to the appointment of the executive director of the Alaska
17 Student Loan Corporation.

18 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
19 10.070(c).

Offered: 4/28/86
Referred: Rules

Original sponsor: Ferguson

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 13 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to student loans; creating the
7 Alaska Student Loan Corporation; and providing for an
8 effective date."

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

10 * Section 1. AS 14.42 is amended by adding new sections to read:

11 ARTICLE 2. ALASKA STUDENT LOAN CORPORATION.

12 Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION.

13 There is created the Alaska Student Loan Corporation. The corporation
14 is a public corporation and government instrumentality within the
15 Department of Education but having a legal existence independent of
16 and separate from the state. The corporation may not be terminated as
17 long as it has bonds, notes or other obligations outstanding. Upon
18 termination of the corporation, its rights and property pass to the
19 state.

20 Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the
21 corporation is to improve higher educational opportunities of resi-
22 dents of Alaska in accordance with the provisions of this chapter.

23 Sec. 14.42.120. CORPORATION GOVERNING BODY. (a) The corpor-
24 ation shall be governed by a board of directors consisting of four
25 individuals serving on the Commission on Postsecondary Education
26 pursuant to AS 14.42.015(a)(1) - (2), (4) - (6) and (8), and one
27 member appointed under AS 14.42.015(a)(3). Members of the board serve
28 without compensation but are entitled to per diem and travel expenses
29 as may be authorized by law for boards and commissions.

1 Sec. 14.42.130. MEETING OF THE BOARD. (a) The Board shall
2 elect a chairman from among the membership at its annual meeting each
3 year. A majority of the members constitute a quorum for organizing
4 the board, conducting its business and exercising the powers of the
5 corporation. The board shall meet at the call of its chairman and at
6 such other times as the board may determine in accordance with its
7 regulations.

8 (b) The board may meet and transact business by electronic media
9 if

10 (1) public notice of the time and locations where the
11 meeting will be held by electronic media has been given in the same
12 manner as if the meeting were held in a single location;

13 (2) participants and members of the public in attendance
14 can hear and have the same right to participate in the meeting as if
15 the meeting were conducted in person; and

16 (3) copies of pertinent reference materials, statutes,
17 regulations, and audiovisual materials are reasonably available to
18 participants and the public.

19 (c) A meeting by electronic media as provided in this section
20 has the same legal effect as a meeting in person.

21 (d) For purposes of AS 14.42.100 - 14.42.320 public notice of 24
22 hours or more is adequate notice of a meeting of the board at which
23 the issuance of corporation bonds is authorized.

24 Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep
25 minutes of each meeting and send a certified copy to the governor and
26 to the Legislative Budget and Audit Committee.

27 Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall
28 manage the assets and business of the corporation and may prescribe,
29 amend and repeal bylaws and regulations governing the manner in which

1 the business of the corporation is conducted and the manner in which
2 its powers are exercised in accordance with the Administrative pro-
3 cedure Act (AS 44.62). The board shall delegate supervision of the
4 administration of the corporation to the executive director of the
5 corporation.

6 Sec. 14.42.160. EXECUTIVE DIRECTOR. The corporation shall
7 employ an executive officer, who may not be a member of the board.
8 The executive director shall be the executive officer of the Commis-
9 sion on Postsecondary Education appointed under AS 14.42.040(a).

10 Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The board may appoint
11 other officers and engage professional and technical advisors as
12 independent contractors. The executive director may hire employees of
13 the corporation and, subject to the approval of the board, engage
14 professional and technical advisors under contract with the corpor-
15 ation. The board shall prescribe the duties and compensation of
16 corporation personnel, including the executive director.

17 Sec. 14.42.190. BUDGET. The operating budget of the corporation
18 is subject to the Executive Budget Act (AS 37.07).

19 Sec. 14.42.200. GENERAL POWERS. In addition to other powers
20 granted in this chapter, the corporation may:

- 21 (1) sue and be sued in its own name;
- 22 (2) adopt an official seal;
- 23 (3) adopt bylaws for the regulation of its affairs and the
24 conduct of its business;
- 25 (4) employ fiscal consultants, attorneys, and such other
26 consultants and employees as may be required in the judgement of the
27 corporation, and fix and pay their compensation from money available
28 to the corporation;
- 29 (5) make and execute agreements, contracts and other

1 instruments necessary or convenient in the exercise of the powers and
2 functions of the corporation under ~~AS 37.10~~ chapter, including contracts
3 with any person, firm, corporation, governmental agency or other
4 entity;

5 (6) receive, administer and comply with the conditions and
6 requirements respecting any appropriation or gift, grant or donation
7 of property or money;

8 (7) acquire real property, or any interest in real prop-
9 erty, in its own name, by purchase, transfer or foreclosure, when the
10 acquisition is necessary or appropriate to protect any loan in which
11 the corporation has an interest; sell, transfer and convey any such
12 property to a buyer; and, if the sale, transfer or conveyance cannot
13 be effected with reasonable promptness or at a reasonable price, rent
14 or lease the property to a tenant pending the sale, transfer or con-
15 veyance;

16 (8) borrow money as provided in this chapter to carry out
17 and e .ate its corporate purposes and issue its obligations as
18 evidence of any such borrowing;

19 (9) include in any borrowing the amounts to pay financing
20 charges, interest on the obligations for a period not exceeding one
21 year after the date on which the corporation estimates funds will
22 otherwise be available to pay the interest, consultant, advisory and
23 legal fees and such other expenses as are necessary or incident to
24 this borrowing;

25 (10) invest or reinvest, subject to its contracts with
26 noteholders and bondholders, any money or funds held by the corpor-
27 ation in any obligations or other securities authorized under AS 37.-
28 10.070(a);

29 (11) collect from a borrower amounts owed with respect to a

- 1 student loan the corporation has purchased or made;
- 2 (12) gather information on loans available to residents of
3 Alaska attending or planning to attend an eligible institution and
4 disseminate the information to reasonably assure that qualified stu-
5 dents are aware of financial resources available to those attending or
6 desiring to attend an eligible institution;
- 7 (13) require an eligible institution or eligible lender to
8 file reports with the corporation as the corporation considers neces-
9 sary for the effective performance of its duties and publish the
10 information from the reports or other sources as the corporation
11 considers necessary;
- 12 (14) service student loans held by the corporation;
- 13 (15) except as specifically prohibited by law, obtain infor-
14 mation from a state agency or instrumentality or other source to
15 verify information submitted by or on behalf of a student applying for
16 or receiving assistance from the corporation;
- 17 (16) make or participate in the making of and purchase or
18 participate in the purchase of student loans;
- 19 (17) contract in advance for the purchase or sale of student
20 loans;
- 21 (18) sell or participate in the sale, either public or
22 private and on terms authorized by the board, of student loans to the
23 Student Loan Marketing Association or to other purchasers;
- 24 (19) collect and pay reasonable fees and charges in connec-
25 tion with the purchase, sale, and servicing of student loans;
- 26 (20) enter into agreements with the federal government
27 (including guaranty agreements and supplemental guaranty agreements as
28 described in the United States Higher Education Act of 1965) as neces-
29 sary to provide for the receipt by the corporation of administrative

1 allowances and other benefits available under the United States Higher
2 Education Act of 1965;

3 (21) enter into contracts with lenders upon terms and con-
4 ditions agreed upon between the corporation and the lenders, which
5 terms and conditions may reflect the requirements of the United States
6 Higher Education Act of 1965;

7 (22) enter into contracts with institutions upon the terms
8 and conditions agreed upon between the corporation and the institu-
9 tions, which terms and conditions may reflect the requirements of the
10 United States Higher Education Act of 1965;

11 (23) administer federal money allotted to the state with
12 respect to insured student loans and related administrative costs and
13 other matters;

14 (24) consent to the modification of the rate of interest,
15 time of payment of an installment of principal or interest or other
16 terms of a student loan made or purchased by the corporation;

17 (25) procure insurance against any loss in connection with
18 the operation of its programs under this chapter;

19 (26) provide advisory services to borrowers and other parti-
20 cipants in the corporation's programs under this chapter;

21 (27) do all acts and things necessary, convenient or desir-
22 able to carry out the powers expressly granted or necessarily implied
23 in this chapter.

24 Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund
25 is established in the corporation. The student loan fund is a trust
26 fund for the uses and purposes of AS 14.42.100 - 14.42.320. The
27 student loan fund consists of money or assets appropriated or trans-
28 ferred to the corporation and other money or assets deposited in it by
29 the corporation.

1 (b) Money and other assets of the student loan fund may be used
2 to secure bonds of the corporation, or invested in the types of in-
3 vestments under AS 37.10.070(a) or shall be used to make or purchase
4 loans approved under AS 14.43.090 - 14.43.160.

5 Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (g)
6 of this section, the corporation may borrow money and may issue bonds,
7 including but not limited to bonds on which the principal and interest
8 are payable,

9 (1) exclusively from the income and receipts or other money
10 derived from the loans financed with proceeds of the bonds;

11 (2) exclusively from the income and receipts or other money
12 derived from designated loans whether or not they are financed in
13 whole or in part with the proceeds of the bonds; or

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

16 (b) Bonds shall be authorized by resolution of the corporation,
17 and be dated and may not mature more than 20 years from the date of
18 its issue. Bonds shall bear interest at the rate or rates, be in the
19 denominations, be in the form, either coupon or registered, carry the
20 registration privileges, be executed in the manner, be payable in the
21 medium of payment, at the place or places, and be subject to the terms
22 of redemption which the resolution or a subsequent resolution may
23 provide.

24 (c) All bonds, regardless of form or character, shall be nego-
25 tiable instruments for all the purposes of the Uniform Commercial
26 Code (AS 45.01 - AS 45.09).

27 (d) All bonds may be sold at public or private sale in the
28 manner, for the price or prices, and at the time or times which the
29 corporation may determine.

1 (e) Before issuance of any bonds, the corporation shall make
2 provision by agreement or otherwise at least sufficient in the
3 judgment of the corporation to pay the principal of and interest on
4 the bonds as they become due and to create and maintain the reserves
5 therefor as the corporation considers necessary or desirable and to
6 meet all obligations in connection with the agreement and all costs
7 necessary to service the bonds unless the agreement provides that the
8 obligations are to be met or costs are to be paid by a party other
9 than the corporation.

10 (f) The superior court shall have jurisdiction to hear and
11 determine suits, actions or proceedings relating to the corporation,
12 including suits, actions or proceedings brought to foreclose or other-
13 wise enforce a mortgage or other security interest or brought by or
14 for the benefit of a holder of its bonds or by a trustee for or other
15 representative of the holders.

16 (g) The corporation may not issue bonds during any fiscal year
17 in an amount greater than \$45,000,000 unless the legislature, by law,
18 approves issuance of a greater amount.

19 Sec. 14.42.230. TRUST INDENTURES AND TRUST AGREEMENTS. In the
20 discretion of the corporation, an issue of bonds may be secured by a
21 trust indenture or trust agreement between the corporation and a
22 corporate trustee (which may be a trust company, bank, or national
23 banking association, with corporate trust powers, located inside or
24 outside the state) or by a secured loan agreement or other instrument
25 or under a resolution giving powers to a corporate trustee (herein-
26 after in this section referred to as "trust agreement") by means of
27 which the corporation may:

28 (1) make and enter into any and all the covenants and
29 agreements with the trustee or the holders or the bonds which the

1 corporation may determine to be necessary or desirable, including,
2 without limitation, covenants, provisions, limitations and agreements
3 as to:

4 (A) the application, investment, deposit, use and
5 disposition of the proceeds of bonds of the corporation or of
6 money or other property of the corporation or in which it has an
7 interest;

8 (B) the fixing and collection of loan payments and
9 other consideration for, and the other terms to be incorporated
10 in, a student loan;

11 (C) the assignment by the corporation of its rights in
12 a student loan or in a mortgage or other security interest
13 created with respect to a student loan to a trustee for the
14 benefit of bondholders;

15 (D) the terms and conditions upon which additional
16 bonds of the corporation may be issued;

17 (E) the vesting in a trustee of rights, powers,
18 duties, funds or property in trust for the benefit of
19 bondholders, including, without limitation, the right to enforce
20 payment, performance and all other rights of the corporation or
21 of the bondholders, under a student loan or a security interest
22 created with respect to a student loan;

23 (2) pledge, mortgage or assign money, agreements, property,
24 or other assets of the corporation either presently in hand or to be
25 received in the future, or both; and

26 (3) provide for any other matters of like or different
27 character which in any way affect the security or protection of the
28 bonds.

29 Sec. 14.42.240. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND

1 REQUIREMENTS. (a) For the purpose of securing one or more issues of
2 its bonds, the corporation may establish one or more special funds,
3 called "capital reserve funds", and shall pay into those capital
4 reserve funds the proceeds of the sale of its bonds and other moneys
5 which may be made available to the corporation from other sources for
6 the purposes of the capital reserve funds. A capital reserve fund may
7 be established only if the corporation determines that the establish-
8 ment of the fund would enhance the marketability of the bonds. Money
9 in a capital reserve fund, except as provided in this section, may be
10 used as required only for (1) the payment of the principal of, and
11 interest on, bonds or of the sinking fund payments with respect to
12 those bonds; (2) the purchase or redemption of the bonds, or (3) the
13 payment or a redemption premium required to be paid when the bonds are
14 redeemed before maturity. However, money in a capital reserve fund
15 may not be withdrawn if the withdrawal would reduce the amount in the
16 capital reserve fund to less than the capital reserve fund require-
17 ment, except for the purpose of making payment, when due, of princi-
18 pal, interest redemption premiums on the bonds, and sinking fund
19 payments when other money of the corporation is not available for the
20 payments. Income or interest earned by, or increment to, a capital
21 reserve fund, from the investment of all or part of the fund, may be
22 transferred by the corporation to other funds or accounts of the
23 corporation if the transfer does not reduce the amount of the capital
24 reserve fund below the capital reserve fund requirement.

25 (b) If the corporation decides to issue bonds secured by a
26 capital reserve fund, the bonds may not be issued if the amount in
27 requirement, unless the corporation, at the time of issuance of the
28 bonds, deposits in the capital reserve fund from the proceeds of the
29 bonds to be issued or from other sources, an amount of which, together

1 with the amount then in the fund, is not less than the capital reserve
2 fund requirement.

3 (c) In computing the amount of a capital reserve fund for the
4 purpose of this section, securities in which all or a portion of the
5 fund is invested shall be valued by a reasonable method established by
6 the corporation by resolution. Valuation shall include the amount of
7 interest earned or accrued as of the date of valuation.

8 (d) The chairman of the corporation shall annually, no later
9 than January 2, certify in writing to the governor and the legislature
10 the amount, of any, required to restore a capital reserve fund to the
11 capital reserve fund requirement. The legislature may appropriate to
12 the corporation the amount certified by the chairman of the corpora-
13 tion. The corporation shall deposit the amount appropriated under
14 this subsection during a fiscal year in the proper capital reserve
15 fund. Nothing in this section creates a debt or liability of the
16 state.

17 (e) In this section, "capital reserve fund requirement" means
18 the amount required to be on deposit in the capital reserve fund as of
19 the date of computation as determined by resolution of the corpora-
20 tion.

21 (f) The corporation may establish reserve funds, other than
22 capital reserve funds, to secure one or more issues of its bonds. The
23 corporation may deposit in a reserve fund established under this
24 subsection the proceeds of sale of its bonds and other money which may
25 be made available from any other source. A reserve fund established
26 under this subsection must comply with (a) - (c) of this section. The
27 corporation may allow a reserve fund established under this subsection
28 to be depleted without complying with (d) of this section.

29 Sec. 14.42.250. VALIDITY OF PLEDGE. It is the intention of the

1 legislature that a pledge made in respect of bonds shall be valid and
2 binding from the time the pledge is made; that the money or property
3 so pledged and thereafter received by the corporation shall
4 immediately be subject to the lien of the pledge without physical
5 delivery or further act, and that the lien of the pledge shall be
6 valid and binding as against all parties having claims of any kind in
7 tort, contract or otherwise against the corporation irrespective of
8 whether the parties have notice. Neither the resolution, trust agree-
9 ment nor any other instrument by which a pledge is created need be
10 recorded or filed under the provisions of the Uniform Commercial Code
11 (AS 45.01 - AS 45.09) to be valid, binding or effective against
12 parties.

13 Sec. 14.42.260. NONLIABILITY ON BONDS. (a) Neither the mem-
14 bers of the corporation nor a person executing the bonds are liable
15 personally on the bonds or are subject to personnel liability or
16 accountability by reason of the issuance of the bonds.

17 (b) The bonds issued by the corporation do not constitute an
18 indebtedness or other liability of the state or of a political sub-
19 division of the state, except the corporation, but shall be payable
20 solely from the income and receipts or other funds or property of the
21 corporation. The corporation may not pledge the faith or credit of
22 the state or of a political subdivision of the state (except the
23 corporation) to the payment of a bond and the issuance of a bond by
24 the corporation does not directly or indirectly contingently obligate
25 the state or a political subdivision of the state to apply money from,
26 or levy or pledge any form of taxation whatever to the payment of the
27 bond.

28 Sec. 14.42.270. PLEDGE OF STATE. The state pledges to and
29 agrees with holders of bonds issued under this chapter that the state

1 will not limit or alter the rights and powers vested in the corpor-
2 ation by this chapter to fulfill the terms of a contract made by the
3 corporation with the holders or in any way impair the rights and
4 remedies of the holders until the bonds, together with the interest on
5 them with interest on unpaid installments of interest, and all costs
6 and expenses in connection with an action or proceeding by or on
7 behalf of the holders, are fully met and discharged. The corporation
8 is authorized to include this pledge and agreement of the state in
9 contract with the holders.

10 Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal
11 property of this corporation and its assets, income and receipts are
12 declared to be the property of a political subdivision of the state
13 and devoted to an essential public and governmental function and
14 purpose, and the property, assets income, receipts, and other in-
15 terests of the corporation shall be exempt from all taxes and special
16 assessments of the state of a political subdivision of the state,
17 including, without limitation, all borough, cities, municipalities,
18 school districts, public utility districts and other taxing units.
19 All bonds of the corporation are declared to be issued by a political
20 subdivision of the state and for an essential public and governmental
21 purpose and to be public instrumentality, and the bonds, and the
22 interest on them, the income from them and the transfer of the bonds,
23 and all assets, income and receipts pledged to pay or secure the
24 payment of the bonds, or interest on them, shall at all times be
25 exempt from taxation by or under the authority of the state, except
26 for inheritance and estate taxes and taxes on transfers by or in
27 contemplation of death. Nothing in this section affects or limits an
28 exemption from license fees, property taxes, or excise, income or any
29 other taxes provided under any other law, nor does it create a tax

1 exemption with respect to the interest of any business, enterprise or
2 the person, other than the corporation, in any property, assets,
3 income, receipts, or other interest.

4 Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
5 bonds of the corporation are securities in which all public officers
6 and bodies of the state and all municipalities and municipal sub-
7 divisions, all insurance companies and associations and other persons
8 carrying on a insurance business, all banks, bankers, trust companies,
9 savings banks, savings associations, including savings associations
10 and building and loan associations, investment companies and other
11 persons carrying on a banking business, all administrators, guardians,
12 executors, trustees and other fiduciaries, and all other persons
13 whatsoever who are now or may hereafter be authorized to invest in
14 bonds or other obligations of the state, may properly and legally
15 invest funds including any other provisions of law, the bonds of the
16 corporation are also securities which may be deposited with and may be
17 received by all public officers and bodies of this state and all
18 municipalities and municipal subdivisions for any purpose for which
19 the deposit of bonds or other obligations of the state is now or may
20 hereafter be authorized.

21 Sec. 14.42.310. OPERATION OF CERTAIN STATUTES EXCEPTED. (a)
22 The corporation shall not be considered or constitute (1) a political
23 subdivision of the state as the term is used in AS 37.10.085, (2) a
24 municipal corporation or political subdivision of the state as the
25 terms are used in AS 29, or (3) except as provided in AS 14.42.330, a
26 state agency as the term is used in AS 37, but for all other purposes
27 the corporation constitutes a political subdivision and an instrumen-
28 tality of the state provided in this chapter.

29 (b) The funds, income or receipts of the corporation shall not

1 be considered or constitute money of the state, nor shall real pro-
2 perty in which the corporation has an interest be considered land
3 owned in fee by the state or to which the state may become entitled or
4 in any way lands belonging to the state, or state lands referred to in
5 art. VIII of the Alaska Constitution.

6 Sec. 14.42.320. ANNUAL AUDIT. The corporation shall have its
7 financial records audited annually by the legislative auditor or by a
8 certified public accountant approved by the legislative auditor. The
9 legislative auditor may prescribe the form and content of the finan-
10 cial records of the corporation and shall have access to these records
11 at any time.

12 * Sec. 2. AS 14.43.120(d) is amended to read:

13 (d) scholarship loans may not be made to a student
14 (1) for more than five years of undergraduate study;
15 (2) for more than five years of graduate study;
16 (3) for more than a total of eight years of undergraduate
17 and graduate study;
18 (4) to attend an institution for which the default rate on
19 loans made to students to attend the institution exceeds the program
20 default rate by more than 150 percent.

21 * Sec. 3. Notwithstanding the provisions of AS 14.42.160 enacted by
22 section 1 of this Act, if the executive officer of the Commission on Post-
23 secondary Education does not consent to appointment as executive director
24 of the Alaska Student Loan Corporation in writing filed with the Alaska
25 Student Loan Corporation within 60 days after the effective date of this
26 Act, the Alaska Student Loan Corporation shall take such steps as it con-
27 siders necessary or appropriate to employ on executive director who is not
28 the executive officer of the Commission on Postsecondary Education. If the
29 Alaska Student Loan Corporation employs an executive director under this

1 section who is not the executive officer of the Commission on Postsecondary
2 Education, each time a vacancy occurs in the position of executive direc-
3 tor, the Alaska Student Loan Corporation shall allow the executive officer
4 of the Commission on Postsecondary Education three business days to file a
5 written consent to the provisions of AS 14.42.160. If the executive officer
6 fails to file the written consent within the three business days allowed,
7 the Alaska Student Loan Corporation shall seek an executive director other
8 than the executive officer of the Commission on Postsecondary Education. If
9 the executive officer of the Commission on Postsecondary Education files a
10 written consent described in this section during any of the times described
11 in this section, the provisions of AS 14.42.160 shall thereafter control
12 with respect to the appointment of the executive director of the Alaska
13 Student Loan Corporation.

14 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

Introduced: 1/14/85
Referred: Judiciary and
Finance

<u>Funding Information</u>	
General Fund	\$20,000,000
Other Funds	- 0 -
	<u>\$20,000,000</u>

1 IN THE SENATE

BY FERGUSON

2

SENATE BILL NO. 13

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act making a special appropriation to the Office
7 of the Governor for the federal budget impact fund;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$20,000,000 is appropriated from the general
11 fund to the Office of the Governor for the federal budget impact fund.

12 * Sec. 2. The unexpended and unobligated portion of the appropriation
13 made by this Act lapses into the general fund June 30, 1986.

14 * Sec. 3. This Act takes effect on the effective date of an Act enti-
15 tled "An Act establishing a federal budget impact fund; and providing for
16 an effective date."