

LEG. FINANCE - BILLS 1977 - 1978 826

HB 857 cont. thru HB 861

1 (11) prepare or cause to be prepared studies, analyses,
2 plans, specifications, designs and estimates of cost, including
3 specific development plans, for the construction, development, recon-
4 struction or improvement of any property within the capital city area
5 and from time to time modify such plans as necessary or appropriate;

6 (12) manage or cause to be managed all or any part of a
7 development program or programs and enter into agreements with the
8 state, any private firm or public agency for the purpose of causing
9 any development program or programs to be managed. The management
10 agreement shall contain, in the case of private firms, any financial
11 incentives the corporation deems appropriate;

12 (13) plan, replan, open, create, dedicate, or close streets,
13 roads, alleys, sidewalks and all public rights of way and provide or
14 arrange or contract with any public agency for the provision of any
15 facilities or services or for the acquisition and maintenance by the
16 public agency of facilities or property, all in connection with any
17 development program;

18 (14) adopt or impose, land use and building restrictions,
19 architectural, design, and land use controls through covenants, decla-
20 rations, regulations or otherwise on any real property owned by the
21 corporation in furtherance of the purposes of this chapter, include
22 the restrictions or controls in contracts and agreements with developers,
23 purchasers, lessees or users of the real property, and cause the
24 restrictions and controls, covenants, declarations or regulations to
25 run with the land by filing them for record in the appropriate record-
26 ing district;

27 (15) charge and collect fees and charges for the use of
28 facilities or services in order to plan, finance, develop, acquire,
29 construct, reconstruct, improve, operate or maintain the facilities or

1 services, and cause the fees and charges to become a lien on and run
2 with the land by means of covenants affecting the property which are
3 recorded in the appropriate recording district. The covenants may
4 also provide that taxes imposed by a municipality can be credited
5 against the fees and charges to the extent and upon any terms, condi-
6 tions, restrictions or limitations that are set forth in the covenants;

7 (16) plan, finance, develop, acquire, construct, reconstruct,
8 improve, operate, maintain, sell or otherwise dispose of structures,
9 appurtenances, systems and facilities under contractual or other
10 arrangements in connection with the general development plan, any
11 specific development plan, or with the purposes of this chapter;

12 (17) survey or cause to be surveyed any or all of the real
13 property within the capital city area, undertake geological, environ-
14 mental and other similar studies and analyses of the property and
15 gather and disseminate all relevant information pertaining to the
16 suitability of any portion of the capital city area for various land
17 uses;

18 (18) make contracts, incur liabilities, borrow money at
19 rates of interest, maturities and on other terms and conditions that
20 the corporation may determine without regard to usury laws, issue its
21 notes, bonds and other obligations, whether negotiable or not, and
22 whether tax exempt or not, and secure any of its obligations by mort-
23 gage or pledge of all or any of its real or personal property or any
24 interest therein, whether then owned or thereafter acquired;

25 (19) pledge its fees, charges and other revenues and receipts,
26 and assign or pledge the lease or leases or sales contracts on any
27 portion or all of its real or personal property, and the income
28 received by virtue of any lease or leases or sales contracts, and,
29 subject to the provisions of any contract with noteholders or bond-

1 holders, consent to modifications of rate of interest, time of payment
2 of any installment of principal or interest, security, or any other
3 term of any mortgage, mortgage loan, mortgage loan commitment, contract
4 or agreement to which the corporation is a party;

5 (20) procure insurance or bond against any losses in connec-
6 tion with its property, assets and operations or with the activities
7 of its officers, directors, employees or agents, in amounts and from
8 insurers authorized to do business in the state as it considers desir-
9 able;

10 (21) contract for and accept any gifts, grants or loans of
11 funds or property, or any financial or other aid or assistance from
12 any public agency or other source, including but not limited to private
13 firms, and expend the proceeds for any corporate purpose;

14 (22) enter into agreements with any public agency to effec-
15 tuate the purposes of this chapter, including, without limitation,
16 agreements providing for necessary expenditures during the period of
17 implementation of any development program, and agreements to develop,
18 acquire, construct, reconstruct, improve, operate or maintain any
19 facility and to acquire by purchase, lease or otherwise any right or
20 interest in such facility;

21 (23) issue, pursuant to regulations adopted under this
22 chapter, building, use and occupancy permits and compliance certificates
23 or approvals;

24 (24) subject to any agreement with noteholders or bond-
25 holders, enter into agreements to pay annual sums in lieu of taxes to
26 the capital city in respect of any real property which is owned by the
27 corporation and which is exempt from taxation pursuant to this chapter;
28 and

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

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

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

5 Sec. 44.62.030. FORMULATION AND PROCEDURE FOR OBTAINING APPROVAL
6 OF DEVELOPMENT PLANS. (a) The corporation shall cause to be prepared
7 a general development plan for the capital city area. The general
8 development plan shall be based on the initial and proposed overall
9 site specific development plan submitted to the legislature by the New
10 Capital Site Planning Commission pursuant to AS 44.06.230(j), and, in
11 addition, shall include but not be limited to the following elements:

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

18 (2) A statement of the projected cost, number, nature and
19 generalized locations of facilities including but not limited to
20 governmental and institutional facilities relating to the functioning
21 of the capital city area as the new capital of the state, public
22 transportation and major arterial street systems, parks and recrea-
23 tional facilities, water, sewer and drainage systems, electric, tele-
24 phone and other energy or communications systems or utilities, and
25 health, educational and community facilities, and a statement of the
26 method and approximate time period by which the foregoing facilities
27 are to be provided;

28 (3) A statement of the approximate projected time schedule
29 for the different stages of development of the capital city area, both

1 as to various parts of the capital city area and as to the various
2 types or categories of land uses proposed;

3 (4) A statement of the projected means of financing the
4 facilities referred to in paragraph (2), the anticipated sources of
5 funds necessary, the times at which such funds must be provided and
6 the means by which borrowed moneys, whether borrowed from the state or
7 otherwise, will be repaid;

8 (5) Additional statements or documentation as the corpora-
9 tion deems necessary or appropriate.

10 (b) The general development plan as so adopted, or as amended
11 from time to time as hereafter provided, shall provide that not less
12 than an aggregate of _____ acres shall be allocated for the location
13 and construction of state offices and related state facilities; and
14 that not less than an aggregate of _____ acres shall be set aside and
15 allocated for parks, lakes, recreation and open space, with facilities
16 necessary for the use and enjoyment thereof, which, when developed,
17 shall be accessible to the general public for their free use and
18 enjoyment. The foregoing provisions of the general development plan
19 may not be amended.

20 (c) The corporation shall hold at least one hearing in each
21 judicial district of the state to receive comments from interested
22 parties on the general development plan proposed by the corporation.
23 Each public hearing shall be held in a separate municipality of the
24 state as selected in the discretion of the corporation after public
25 notice by publication in a newspaper of general circulation in that
26 municipality at least 30 days before the commencement of the hearing.

27 (d) Following the completion of public hearings, the board of
28 directors shall adopt the general development plan, which may be
29 approved with or without amendment from the proposed general develop-

1 ment plan, by at least two-thirds vote of all of the members of the
2 board upon a finding that the general development plan is in accord-
3 ance with and furthers the purposes of this chapter. The general
4 development plan as so adopted shall constitute the controlling docu-
5 ment and land use plan setting forth the major planning assumptions
6 and objectives for the development of the capital city area and shall
7 be effective on the date the corporation determines.

8 (e) Amendments to the general development plan may be made
9 pursuant to the same procedure set forth in this section for approval
10 of a general development plan, except that the corporation shall hold
11 at least one public hearing with respect thereto, publish notice of
12 the proposed amendments as it considers appropriate and invite written
13 comments thereon prior to adoption of the amendment. Amendments to
14 the general development plan shall be effective on the date the corpora-
15 tion determines.

16 Sec. 44.63.035. ADOPTION OF SPECIFIC DEVELOPMENT PLANS. (a)
17 Following adoption of the general development plan, the corporation
18 shall, at times determined appropriate by the corporation, cause to be
19 prepared one or more specific development plans which shall include,
20 but not be limited to, the following elements:

- 21 (1) A delineation of the area to be developed;
- 22 (2) A detailed and specific statement of the proposed uses
23 within the area to be developed, including proposed general locations
24 of all buildings and structures;
- 25 (3) A general description of the land use restrictions or
26 covenants to be placed on the area to be developed;
- 27 (4) A map of the existing and proposed transportation and
28 utility systems within the area;
- 29 (5) A statement of the methods by which the property within

1 the area may be disposed of;

2 (6) A statement of the relationship between the specific
3 development plan and the general development plan; and

4 (7) Additional statements or documentation as the corpora-
5 tion deems necessary or appropriate.

6 (b) Each specific development plan shall be approved by the
7 board of directors. Each specific development plan adopted shall
8 constitute the controlling document and land use plan for the area to
9 be developed. In acting upon a proposed specific development plan,
10 the board of directors shall be guided by the purposes of this chapter
11 and particularly:

12 (1) The degree to which the specific development plan is in
13 substantial conformity with the general development plan. If the
14 board of directors determines that the specific development plan under
15 consideration constitutes a substantial change from the general develop-
16 ment plan, the board shall consider the changed circumstances or other
17 factors which warrant a change from the general development plan as
18 previously approved. Any specific development plan constituting a
19 substantial change shall be subject to the same provisions that are
20 applicable to amendments to the general development plan pursuant to
21 subsection (d) of Sec. 30 of this chapter. Upon approval of such
22 specific development plan, the relevant portion of the general develop-
23 ment plan shall be deemed to be concurrently amended.

24 (2) The location and adequacy of all streets and highways,
25 transportation facilities, public utilities, community and recreational
26 facilities, and all public services necessary to serve the land uses
27 contemplated by the specific development plan.

28 (3) The effect of all proposed land uses within the specific
29 development plan upon adjacent land uses, whether existing or proposed,

1 located within or adjacent to the capital city area.

2 (c) Amendments to any specific development plan may be made
3 pursuant to the same procedure set forth in this section for approval
4 of a specific development plan.

5 Sec. 44.63.040. RELATIONSHIP OF CORPORATION, THE STATE AND MUNI-
6 CIPALITIES. (a) In effectuating the purposes of this chapter, the
7 corporation shall work closely with, consult and cooperate with the
8 state, the Matanuska-Susitna Borough, the capital city and all depart-
9 ments, agencies or instrumentalities of the same. In particular, the
10 corporation shall consult and cooperate with all state agencies in
11 order to assure the timely and coordinated relocation of state govern-
12 mental services, offices and staff from the city and borough of Juneau
13 or other areas of the state to the capital city area.

14 (b) All state agencies and all municipalities shall fully co-
15 operate with the corporation in planning or carrying out any of its
16 functions pursuant to the purposes of this chapter and may extend to
17 the corporation, with or without consideration, any function, service,
18 loan, grant or other form of assistance of the character which they
19 are empowered to render or perform and enter into contracts and agree-
20 ments with the corporation concerning all matters including, but not
21 limited to, the exercise, division, or sharing of powers. Upon the
22 corporation's request, any governmental entity may transfer to the
23 corporation any officers and employees it deems necessary from time to
24 time to assist the corporation in carrying out its functions and
25 duties under this chapter. Officers and employees so transferred
26 retain their status and rights as public employees and are compensated
27 by their employing agency which shall continue to exercise all of its
28 rights as employer.

29 (c) In addition to the agreement authorized by AS 29.18.640, the

1 corporation may enter into agreements with the capital city providing
2 that the city furnish, as necessary, for the capital city area included
3 in any development program which has not yet been completed, police,
4 fire, sanitation, health protection and other municipal services as
5 fixed in the agreements. The agreements may provide for payment by the
6 corporation to the city of the costs of these services on a formula or
7 other basis as may be fixed in the agreements. With respect to pro-
8 perty owned by it and exempt from taxation pursuant to this chapter,
9 the corporation, if it so elects, may make payments in lieu of taxes
10 to the capital city in amounts which it deems appropriate to defray
11 all or part of the costs of providing required services to such pro-
12 perty.

13 (d) In implementing the development program, the corporation may
14 enter into contractual agreements with any public agency for the
15 furnishing of any facilities or services necessary or desirable for
16 the development program, and any such public agency, notwithstanding
17 any other law, may enter into these contractual agreements with the
18 corporation and to do all things necessary to carry out its obliga-
19 tions under them.

20 (e) The corporation, on behalf of itself or in its own name on
21 behalf of any contractor, subcontractor or other person performing
22 work in connection with the general development plan, may file a
23 master application as defined by the Environmental Procedures Coordi-
24 nation Act (AS 46.35) in order to obtain such permits as it may require.
25 In order to allow work to go forward as expeditiously as possible
26 pursuant to the general development plan, the procedures set forth in
27 this subsection shall supercede the procedures set out in the Environ-
28 mental Procedures Coordination Act. Upon filing a master application
29 the corporation shall submit a schedule setting forth the date before

1 which each permit required must be issued in order to allow work to
2 proceed in accordance with the general development plan. Each permit
3 shall be either granted or denied no later than 60 days prior to the
4 date submitted with the master application. If the permit is neither
5 granted nor denied, it shall be deemed to have been granted and may
6 not be revoked without the prior approval of the governor. If any
7 permit is denied, the corporation may appeal the denial directly to
8 the governor who shall receive written submissions from the affected
9 agency and the corporation on an expedited basis and render a decision
10 either reversing the decision of the agency and granting the permit or
11 upholding the decision of the agency. No permit may be denied on the
12 ground that the affected agency has not had a sufficient opportunity
13 to make tests, studies, evaluations or other investigations. The
14 corporation and the Department of Environmental Conservation shall
15 cooperate in expediting the review process to the greatest possible
16 extent by consolidating hearings and otherwise avoiding a multiplicity
17 of written or oral submissions. No agency may demand as a condition
18 of commencing its investigations that the corporation bear the agency's
19 costs and expenses connected therewith. The corporation may amend the
20 master application at any time and from time to time and may seek
21 additional permits thereby. The corporation shall use its best efforts
22 to fully cooperate with all affected agencies and shall give all such
23 agencies complete access to the corporation's relevant documents and
24 records. To the extent that there is an inconsistency or conflict
25 between the provisions of this subsection and the Environmental Proce-
26 dures Coordination Act or with any other statute regarding the issuance
27 of permits, the provisions of this subsection shall control.

28 Sec. 44.63.045. ACQUISITION OF REAL PROPERTY. (a) The corpora-
29 tion may at any time acquire real property by negotiation with the

1 owners thereof.

2 (b) Upon making a finding that it is necessary or convenient to
3 acquire any real property or any interest therein located in the
4 capital city area, or outside the capital city area for the purpose of
5 providing any water, sewer, road, airport or other utility or facility
6 for the capital city area, for its immediate or future use, the cor-
7 poration may acquire such property in any lawful manner, including the
8 exercise of the power of eminent domain pursuant to the provisions of
9 AS 09.55.240, et seq. Any purpose for which the corporation proposes
10 to use such property is hereby declared a public use and the corpora-
11 tion may, in its discretion, file a declaration of taking and have
12 title and right vest in it as provided in AS 09.55.440 and as other-
13 wise provided by law.

14 Sec. 44.63.050. STATE LOANS. The commissioner of revenue may
15 loan to the corporation from surplus moneys in the general fund a sum
16 not to exceed \$153,000,000. Prior to any disbursement of the proceeds
17 of the loan, the commissioner of revenue, with the approval of the
18 governor, shall enter into a loan agreement with the corporation
19 providing for the terms of repayment of the loan over the period of
20 years and at the rate or rates of interest as may be fixed in the loan
21 agreement. The loan agreement may also provide for subordination of
22 the terms of repayment of the loan to notes or bonds of the corpora-
23 tion to be issued at a later date or dates, and shall provide for (1)
24 a periodic disbursement schedule of the loan proceeds consistent with
25 the progress of the general development plan of the corporation during
26 each fiscal year of the state and consistent with the projected
27 financial ability of the state to disburse loan proceeds in each
28 fiscal year, and (2) an annual or other periodic review procedure by
29 a committee consisting of four commissioners of principal departments

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

11 Sec. 44.63.055. DISPOSITION OF PROPERTY. (a) The corporation
12 shall adopt regulations for the sale, lease or other disposal of
13 property under this chapter. After adoption of regulations and of one
14 or more specific development plans, the corporation may sell, lease or
15 otherwise dispose of, all or any portion of the property encompassed
16 by the plans to any person, firm, partnership, or corporation, either
17 public or private; upon such terms and conditions as it determines but
18 only if the board of directors specifically finds that the terms and
19 conditions of such sale, lease or other disposal arrangement are in
20 substantial conformity with the plans. Prior to the sale, lease or
21 other disposal of any property by the corporation public notice of the
22 intention of the corporation to do so shall be given by publication of
23 a general description of the terms thereof at least 10 days prior to
24 the sale, lease or disposal in a newspaper of general circulation in
25 the Third Judicial District.

26 (b) Notwithstanding any other law and subject to any agreement
27 with noteholders or bondholders, any sale, lease or other disposal
28 pursuant to subsection (a) of this section may be made without public
29 bidding or public sale, pursuant to a negotiated contract, agreement

1 or lease and containing any provisions, limitations, requirements,
2 terms and conditions as the corporation determines to be necessary or
3 desirable for the implementation of a specific development plan pro-
4 vided that public notice is given in accordance with (a) of this
5 section.

6 (c) The real property in the capital city area shall not be
7 subject to the provisions of the Alaska Land Act (AS 38.05).

8 Sec. 44.63.060. TRANSFER OF STATE OWNED REAL PROPERTY. The
9 legislature intends that all lands located within the capital city
10 area owned by the state or any state agency be transferred to the
11 corporation in order to permit the corporation to timely develop a
12 comprehensively planned new capital for the state in accordance with
13 the purposes of this Act. Accordingly, the commissioner of natural
14 resources and any other state official having jurisdiction over the
15 conveyance or transfer of state owned land shall, within 60 days from
16 the written request of the chairman of the corporation, transfer and
17 convey to the corporation all right, title and interest of the state
18 in all of the state lands, including lands under water, lying within
19 the capital city area. The said transfer and conveyance shall contain
20 such reservations to the state of all resources as may have been
21 required by Congress and shall provide for access to these resources.
22 Reservation of access shall not unnecessarily impair the owners' use,
23 prevent the control of trespass, or preclude compensation for damages.

24 Sec. 44.63.065. CONSTRUCTION CONTRACTS. (a) The corporation
25 shall adopt regulations pursuant to this chapter establishing proce-
26 dures for entering into agreements for construction of facilities and
27 improvements on all or any part of any development program. The
28 regulations shall provide for procedures for issuing public requests
29 for bids or proposals including the establishment of qualifications

1 for bidders for construction and may provide that (1) any construction
2 contract awarded by the corporation after bidding shall contain terms
3 and conditions as the corporation may fix, (2) the corporation may
4 reject any or all bids if in its sole judgment the business and techni-
5 cal organization, plant, resources, financial standing or experience
6 of the lowest bidder justifies such rejection in view of the work to
7 be performed, and (3) the corporation may waive any informality in a
8 bid if it believes that the public interest will be promoted thereby.
9 No construction contract to which the corporation is a party is subject
10 to the provisions of AS 35.15. The corporation's interest in any real
11 property is not subject to any claims under AS 34.35. No construction
12 contract shall be entered into requiring the expenditure of borrowed
13 funds unless the funds are in the hands of the corporation.

14 (b) Notwithstanding the provisions of subsection (a) hereof or
15 any other law, and subject to any agreement with noteholders or bond-
16 holders, the corporation may adopt regulations providing that it may,
17 when it finds that the bid process of (a) of this section would impede,
18 hamper or delay implementation of a development program or would
19 otherwise be detrimental to the financial objectives underlying the
20 development program, enter into a construction contract for all or any
21 part of a development program without public bidding or compliance
22 with the provisions of AS 35.15 and that such negotiated contract or
23 agreement may contain any provisions, limitations, requirements, terms
24 and conditions the corporation deems necessary or desirable for the
25 implementation of the development program. No such contract or agreement
26 except contracts or agreements for personal services or contracts or
27 agreements involving the expenditure of less than \$20,000 shall be
28 entered into unless the corporation has given public notice of its
29 intention to enter into the contract at a meeting at which the proposed

1 contract is available for inspection and an opportunity for members of
2 the public to be heard is afforded.

3 Sec. 44.63.070. MONIES OF THE CORPORATION. (a) The Legislative
4 Budget and Audit Committee from time to time may examine the accounts
5 and books of the corporation including its receipts, disbursements,
6 contracts, leases, sinking funds, investments and all other records
7 and papers relating to its financial standing. The Legislative
8 Budget and Audit Committee shall conduct an examination at least once
9 every two years; provided, however, that the Legislative Budget and
10 Audit Committee may accept from the corporation in lieu thereof an
11 independent audit of the corporation by a firm of certified public
12 accountants made at the request of the corporation.

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

20 (c) Notwithstanding the foregoing provisions of this section,
21 the corporation may contract with holders of any of its bonds or notes
22 as to the custody, collection, securing, investment and payment of any
23 monies of the corporation, of any monies held in trust or otherwise
24 for the payment of bonds or notes, and may carry out such contract.
25 Monies held in trust or otherwise for the payment of bonds or notes or
26 in any way to secure bonds or notes and deposits of such monies may be
27 secured in the same manner as monies of the corporation, and all banks
28 and trust companies may give such security for these deposits.

29 Sec. 44.63.175. EXEMPTION FROM TAXATION. (a) The exercise of

1 the powers granted by this chapter shall be in all respects for the
2 benefit of the people of the State of Alaska and shall constitute the
3 performance of an essential governmental function. The income and
4 operations of the corporation are exempt from taxation of any kind by
5 the state and any municipality. Obligations issued by the corporation
6 pursuant to this chapter together with income therefrom shall be free
7 from taxation by the state or any municipality, provided, however,
8 that obligations so issued shall not be free from estate taxes.

9 (b) The interest of the corporation in any real property shall
10 be exempt from taxation of any kind by the state, the capital city and
11 any other municipality. The corporation may, however, make payments
12 to the capital city in lieu of taxes. Interests owned by others than
13 the corporation in real property of the corporation shall be taxable
14 by the Matanuska-Susitna Borough and otherwise to the extent otherwise
15 provided by law.

16 ARTICLE 4. CAPITAL DEVELOPMENT FINANCE.

17 Sec. 44.63.080. BONDS AND NOTES OF THE CORPORATION. (a) The
18 corporation may from time to time issue its bonds and notes in the
19 principal amounts which, in the opinion of the corporation, are neces-
20 sary to provide sufficient funds for carrying out any of its corporate
21 purposes, including but not limited to, the undertaking and completion
22 of development programs, the payment of interest on bonds and notes of
23 the corporation, the receipt of funds in anticipation of the sale of
24 bonds of the corporation, the refunding of bonds for the purpose of
25 paying or retiring bonds previously issued by it, the establishment of
26 reserves to secure such bonds or notes and all other expenditures of
27 the corporation incident to and necessary or convenient to carry out
28 its corporate purposes and powers. No bonds or notes may be issued by
29 the corporation unless the State Bond Committee (AS 37.15) files its

1 written consent to the issuance thereof. The foregoing limitation
2 shall not apply to the issuance of notes or other evidences of indebted-
3 ness issued by the corporation under sec. 50 of this chapter.

4 (b) All bonds and notes issued by the corporation may either be
5 unlimited obligations of the corporation or may be payable solely out
6 of the revenues and receipts derived by the corporation generally or
7 from its development programs or from any designated development
8 program or any part thereof, all as may be designated in the proceed-
9 ings of the corporation under which the bonds or notes shall be
10 authorized to be issued. The bonds and notes may be executed and
11 delivered by the corporation at any time and from time to time, and
12 may be in such form and denominations and of such tenor and maturities,
13 carry such redemption, premium or conversion privileges, have such
14 rank and priority, be payable at such place or places whether within
15 or without the state, be payable in such installments and at such time
16 or times, bear interest at such rate or rates payable at such time or
17 times and at such place or places and evidenced in such manner, and
18 may contain any other provisions not inconsistent herewith, all as may
19 be determined by the corporation in its sole discretion and provided
20 by resolution.

21 (c) Any bonds or notes of the corporation may be sold at the
22 price or prices, at public or private sale, in the manner and from
23 time to time as may be determined by the corporation, and the corpora-
24 tion may pay all expenses, premiums and commissions, and give any
25 discounts which it deems necessary or advantageous in connection with
26 the issuance and sale thereof.

27 (d) Issuance by the corporation of one or more series of bonds
28 or notes for one or more purposes does not preclude it from issuing
29 other bonds or notes in connection with the same development program

1 or any other development program, but the proceedings whereunder any
2 subsequent bonds or notes are issued shall recognize and protect any
3 prior pledge or mortgage made for any prior issue of bonds or notes
4 unless in the proceedings authorizing the prior issue the right is
5 reserved to issue subsequent bonds or notes on a parity with or superior
6 to the prior issue.

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

1 ments thereof, may be returned to the corporation for its use in any
2 lawful manner. All such bonds or notes shall be issued and secured
3 and shall be subject to the provisions of this chapter in the same
4 manner and to the same extent as any other bonds or notes issued
5 pursuant to this chapter.

6 (f) All bonds or notes of the corporation shall be authorized by
7 resolution of the board of directors, which resolution of the board of
8 directors may contain provisions with respect to any of the matters
9 referred to in subsection (a) - (f) of Sec. 80 of this chapter, as
10 well as any other matters which in any way affect the security or
11 protection of the bonds or notes. Any such resolution may be made a
12 part of the contract with the holders thereof.

13 Sec. 44.63.085. SECURITY FOR BONDS OR NOTES. (a) The principal
14 of and interest on any bonds or notes issued by the corporation may be
15 secured by a pledge of any revenues and receipts of the corporation
16 and may be secured by a mortgage or other instrument covering all or
17 any part of any real or personal property or all or any part of a
18 development program, including any additions, improvements, extensions
19 to or enlargements of any development program or part thereof.

20 (b) Bonds or notes issued for the acquisition, construction,
21 reconstruction, or improvement of a development program or any part
22 thereof may also be secured by an assignment of any lease of, or sales
23 contract or mortgage on, such development program or part thereof and
24 by an assignment of the revenues and receipts derived by the corpora-
25 tion from any such lease, sales contract, or mortgage.

26 (c) The resolution under which the bonds or notes are authorized
27 to be issued and any such mortgage, lease, sales contract, or other
28 instrument may contain agreements and provisions respecting the main-
29 tenance of the development program or programs covered thereby.

1 the fixing and collection of rents or other revenues therefrom, includ-
2 ing monies received in repayment of mortgage loans, and interest
3 thereon, the creation and maintenance of special funds from such rents
4 or other revenues and the rights and remedies available in the event
5 of default, all as the corporation deems advisable.

6 (d) In connection with the issuance of bonds or notes, and in
7 order to further secure the payment of such obligations, the corpora-
8 tion, in addition to its other powers, may:

9 (1) Covenant against pledging all or a part of its rents,
10 receipts and other revenues, or against mortgaging all or a part of
11 its real or personal property, to which its right or title exists or
12 may come into existence or against permitting or suffering any lien on
13 the revenues or property or as to the use and disposition of such
14 revenues;

15 (2) Covenant with respect to limitations on its right to
16 sell, lease or otherwise dispose of personal or real property, improved
17 or unimproved, or any part thereof;

18 (3) Covenant as to what other or additional debts or obliga-
19 tions may be incurred by it;

20 (4) Covenant as to the bonds or notes to be issued and as
21 to the issuance of the bonds or notes in escrow or otherwise, and as
22 to the use and disposition of the proceeds of bonds or notes;

23 (5) Provide for the replacement of lost, destroyed or
24 mutilated bonds or notes;

25 (6) Covenant against extending the time for the payment of
26 its bonds or interest on the bonds or notes;

27 (7) Prescribe the procedure by which the terms of a contract
28 with bondholders or noteholders may be amended or abrogated, the
29 amount of bonds or notes the holders of which must consent thereto and

1 the manner in which the consent may be given;

2 (8) Covenant as to the rights, liabilities, powers and
3 duties arising upon the breach by it of a covenant, condition, or
4 obligation, and covenant and prescribe as to events of default and
5 terms and conditions upon which any or all of its bonds or notes shall
6 become or may be declared due before maturity, and covenant as to the
7 terms and conditions upon which this declaration and its consequences
8 may be waived;

9 (9) Vest in a trustee or trustees or the holders of bonds
10 or notes or a specified proportion of them, the right to enforce the
11 payment of the bonds or notes or covenants securing or relating to the
12 bonds or notes;

13 (10) Vest in one or more trustees the right, in the event
14 of a default by the corporation, to take possession of any real property
15 or improvements constituting a development program or any part thereof,
16 and so long as the corporation continues in default to retain posses-
17 sion and to use, operate and manage said real property and improve-
18 ments, and to collect the rents and revenues therefrom, and to dispose
19 of the money according to an agreement between the corporation and the
20 trustees;

21 (11) Provide for the powers and duties of the trustees, and
22 limit the liability of the trustees;

23 (12) Provide the terms and conditions upon which the trustee
24 or trustees or the holders of bonds or notes, or portions of bonds or
25 notes, may enforce a covenant or right securing or relating to the
26 bonds or notes; and

27 (13) Make covenants other than and in addition to the
28 covenants expressly authorized in this subsection, of like or different
29 character, and to make covenants to do or refrain from doing acts and

1 things as may be necessary, or convenient and desirable, in order to
2 better secure bonds or notes or which, in the absolute discretion of
3 the corporation, will tend to make bonds or notes more marketable,
4 notwithstanding that the covenants, acts or things may not be enumerated
5 in this subsection.

6 (e) Each pledge, agreement, mortgage or other instrument made
7 for the benefit or security of any of the bonds or notes of the corpora-
8 tion shall continue effective until the principal of and interest on
9 the bonds or notes for the benefit of which the same were made shall
10 have been fully paid, or until provision shall have been made for
11 payment in the manner provided in the resolution or resolutions under
12 which the same may be authorized. The pledge of assets or revenues of
13 the corporation to the payment of the principal or interest on any
14 bonds or notes is valid and binding from the time the pledge is made
15 and any such assets or revenues are immediately subject to the lien of
16 the pledge without physical delivery or further act. The lien of any
17 pledge is valid and binding against all parties having claims of any
18 kind in tort, contract or otherwise against the corporation, irrespec-
19 tive of whether those parties have notice of the lien of the pledge.

20 (f) The corporation may provide in any proceedings under which
21 bonds or notes may be authorized that any development program or part
22 thereof may be constructed, reconstructed or improved by the corpora-
23 tion, or any lessee or any purchaser from or any designee of the
24 corporation, and may also provide in such proceedings for the time and
25 manner of and requisites for disbursements to be made for the cost of
26 such construction, and for all such certificates and approvals of
27 construction and disbursement as the corporation deems necessary and
28 provides for in such proceedings.

29 (g) If the corporation deems it advisable, the corporation may

1 retain, in the proceedings under which any of its bonds or notes are
2 authorized to be issued, an option to redeem all or any part thereof
3 as specified in such proceedings, at the price or prices, after any
4 notice or notices, and on the terms and conditions as are set forth in
5 such proceedings and as are stated on the face of the bonds or notes,
6 but nothing herein contained shall be construed to give the corporation
7 any right or option to redeem any bonds or notes except as is provided
8 in the proceedings under which they are issued.

9 Sec 44.63.090. RESERVE FUNDS. (a) The corporation may establish
10 one or more reserve funds to be known as debt service reserve funds
11 and may pay into such reserve funds (1) any proceeds of sale of bonds
12 and notes to the extent provided in the resolution of the corporation
13 authorizing the issuance thereof, and (2) any other monies which are
14 available to the corporation, for the purposes of such funds, from the
15 state or from any other source or sources. The monies held in or
16 credited to any debt service reserve fund established under this
17 section, except as hereinafter provided, shall be used solely for the
18 payment of the principal of bonds of the corporation secured by such
19 reserve fund, as the same mature, the purchase of such bonds of the
20 corporation, the payment of interest on such bonds of the corporation
21 or the payment of any redemption premium required to be paid when such
22 bonds are redeemed prior to maturity; provided, however, that monies
23 in any such fund may not be withdrawn therefrom at any time in such
24 amount as would reduce the amount of the fund to less than the required
25 debt service reserve, except for the purpose of paying principal and
26 interest on the bonds of the corporation secured by such reserve fund
27 maturing and becoming due and for the payment of which other monies of
28 the corporation are not available. Any income or interest earned by,
29 or increment to, any such debt service reserve fund due to the invest-

1 ment thereof may be transferred to any other fund or account of the
2 corporation to the extent it does not reduce the amount of such debt
3 service reserve fund below the required debt service reserve. As used
4 in this section, "required debt service reserve" means, as of the date
5 of computation, the amount required to be on deposit in the reserve
6 fund as provided by resolution of the corporation.

7 (b) The corporation may not issue bonds at any time unless there
8 is in the reserve fund the required debt service reserve for all bonds
9 then issued and outstanding and for the bonds to be issued unless the
10 corporation, at the time of issuance of such bonds, deposits in the
11 reserve fund from the proceeds of the bonds to be issued, or otherwise,
12 an amount which together with the amount then in the reserve fund,
13 will be not less than required debt service reserve.

14 (c) To assure the continued operation and solvency of the cor-
15 poration for the carrying out of the public purposes of this chapter,
16 provision is made in subsection (a) of this section for accumulation
17 in each debt service reserve fund of the required debt service reserve.
18 In order further to assure the maintenance of such required debt
19 service reserve, there may be annually paid by the state to the corpora-
20 tion for deposit in each debt service reserve fund such sum, if any,
21 as shall be certified by the chairman of the corporation to the governor
22 as necessary to restore such reserve fund to the required debt service
23 reserve fund. The chairman of the corporation shall annually, on or
24 before January 1 of any year, make and deliver to the governor and to
25 the chairpersons of the House and Senate Finance Committees, his
26 certificate stating the sum, if any, required to restore each such
27 debt service reserve fund to the amount aforesaid, and the sum or sums
28 so certified, if any, may be appropriated by the legislature and paid
29 to the corporation during the then current state fiscal year. Nothing

1 in this subsection creates a debt or liability of the state.

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

6 (e) Whenever the corporation has established a debt service
7 reserve fund, the commissioner of revenue may lend surplus money in
8 the general fund to the corporation for deposit in a debt service
9 reserve fund in an amount equal to the required debt service reserve.
10 The loans shall be made on such terms and conditions as may be agreed
11 upon by the commissioner of revenue and the corporation, including
12 without limitation, terms and conditions providing that the loans need
13 not be repaid until the obligations of the corporation secured and to
14 be secured by the debt service reserve fund are no longer outstanding.

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

19 Sec. 44.63.095. AGREEMENTS OF THE STATE WITH RESPECT TO BONDS.
20 The state hereby pledges to and agrees with the holders of any bonds
21 or notes issued under this chapter, that the state will not limit or
22 alter the rights hereby vested in the corporation to fulfill the terms
23 of any agreements made with the holders thereof, or in any way impair
24 the rights and remedies of such holders until such bonds or notes,
25 together with the interest hereon, with interest on any unpaid install-
26 ments of interest, and all costs and expenses in connection with any
27 action or proceeding by or on behalf of such holders, are fully met
28 and discharged. The corporation may include this pledge and agreement
29 of the state in any agreement with the holders of such bonds or notes.

1 Sec. 44.63.100. CREDIT OF STATE NOT PLEDGED. The bonds or notes
2 of the corporation do not constitute a debt, liability or obligation
3 of the state or any political subdivision of the state, and each bond
4 or note shall so state on its face. The obligations of the corporation
5 are payable solely from the funds and properties of the corporation
6 pledged therefor, and the corporation may not pledge the faith and
7 credit or the taxing power of the state or of any political subdivi-
8 sion of the state to the payment of any principal of or interest on
9 any obligation of the corporation. Bonds and notes of the corporation
10 do not constitute a debt, indebtedness or the borrowing of money
11 within the meaning of any limitation or restriction on the issuance of
12 bonds contained in the constitution or laws of the state.

13 Sec. 44.63.105. BONDS AND NOTES AS LEGAL INVESTMENTS. The bonds
14 and notes of the corporation are securities in which all public
15 officers and bodies of this state and all municipalities thereof, all
16 insurance companies and associations and other persons carrying on an
17 insurance business, all banks, trust companies, savings banks and
18 savings associations, investment companies and other persons carrying
19 on a banking business, all administrators, guardians, executors,
20 trustees and other fiduciaries and all other persons whomsoever are
21 now or may hereafter be authorized to invest in bonds or other obliga-
22 tions of the state may properly and legally invest funds including
23 capital in their control or belonging to them.

24 ARTICLE 5. STATE GENERAL OBLIGATION BONDS.

25 Sec. 44.63.110. STATE GENERAL OBLIGATION BONDS. (a) For the
26 purpose of paying the costs of capital improvements for the new state
27 capital, general obligation bonds of the state in the principal amount
28 of not more than \$966,000,000 shall be issued and sold. The full
29 faith, credit and resources of the state are pledged to the payment of

1 the principal of and interest and redemption premium, if any, on these
2 bonds. These bonds shall be issued under the provisions of AS 37.15
3 as those provisions read at the time of issuance. It is the intention
4 of the legislature that the bonds be issued by the State Bond Committee
5 in no greater than the following amounts in the following years:
6 1978 - none, 1979 - none, 1980 - \$8,800,000, 1981 - \$30,800,000,
7 1982 - \$58,700,000, 1983 - \$64,400,000, 1984 - \$63,300,000, 1985 -
8 \$51,500,000, 1986 - \$63,700,000, 1987 - \$58,400,000, 1988 - \$78,600,000,
9 1989 - \$83,100,000, 1990 - \$92,800,000, 1991 - \$87,800,000, 1992 -
10 \$104,500,000, 1993 - \$80,200,000 and 1994 - \$39,400,000. However, if
11 the board of directors of the corporation makes recommendations to the
12 State Bond Committee as to a different schedule of bonds to be issued
13 for the purpose of this section consistent with the recommendation
14 made by the committee established pursuant to Sec. 50 of this chapter,
15 the State Bond Committee shall issue the bonds in accordance with the
16 recommendations unless the State Bond Committee determines that the
17 orderly marketing of state general obligation bonds requires either
18 the above schedule or a new schedule.

19 (b) If the qualified voters of the state approve the issuance of
20 these bonds, a special fund of the state to be known as the "1978 New
21 Capital Facilities Construction Fund" shall be established, to which
22 shall be credited \$604,100,000 of proceeds of the sale of the bonds
23 described in subsection (a) hereof, except for the accrued interest
24 and premiums. There is appropriated from the "1978 New Capital
25 Facilities Construction Fund" to the corporation the amount of
26 \$604,100,000. The governor shall allocate the proceeds of these bonds
27 to the corporation for capital facilities projects in accordance with
28 the development program of the corporation.

29 (c) If the qualified voters of the state approve the issuance of

1 these bonds, a special fund of the state to be known as the "1978 New
2 Capital Water, Sewer and Heating Plant Construction Fund" shall be
3 established, to which shall be credited \$22,000,000 of proceeds of the
4 sale of the bonds described in subsection (a) hereof, except for the
5 accrued interest and premiums. There is appropriated from the "1978
6 New Capital Water, Sewer and Heating Plant Construction Fund" to the
7 corporation the amount of \$21,900,000. The governor shall allocate
8 the proceeds of these bonds to the corporation for water, sewer and
9 heating plant projects in accordance with the development plan of the
10 corporation.

11 (d) If the qualified voters of the state approve the issuance of
12 these bonds, a special fund of the state to be known as the "1978 New
13 Capital School Construction Fund" shall be established, to which shall
14 be credited \$260,700,000 of proceeds of the sale of the bonds described
15 in subsection (a) hereof, except for the accrued interest and premiums.
16 There is appropriated from the "1978 New Capital School Construction
17 Fund" to the Matanuska-Susitna Borough the amount of \$260,700,000.
18 The governor shall allocate the proceeds of these bonds to the Matanuska-
19 Susitna Borough for school projects in accordance with the development
20 plan of the corporation and any agreements entered into pursuant to
21 this chapter.

22 (e) If the qualified voters of the state approve the issuance of
23 these bonds, a special fund of the state to be known as the "1978 New
24 Capital University of Alaska Construction Fund" shall be established,
25 to which shall be credited \$9,200,000 of proceeds of the sale of the
26 bonds described in subsection (a) hereof, except for the accrued
27 interest and premiums. There is appropriated from the "1978 New
28 Capital University of Alaska Construction Fund" to the corporation the
29 amount of \$9,200,000. The governor shall allocate the proceeds of

1 these bonds to University of Alaska projects in accordance with the
2 development program of the corporation and in accordance with agreements
3 between the University of Alaska and the corporation.

4 (f) If the qualified voters of the state approve the issuance of
5 these bonds, the following further special funds of the state shall be
6 established to which shall be credited the following amounts of the
7 sale of bonds described in subsection (a) hereof, except for the
8 accrued interest and premiums:

- 9 (1) 1978 New Capital Highway Construction Fund
10 \$65,100,000
11 (2) 1978 New Capital Airport Construction Fund
12 \$5,000,000

13 These amounts are appropriated from said funds to the Department of
14 Transportation and Public Facilities for said purposes and shall be
15 allocated by the governor for expenditure in accordance with the
16 general development plan of the corporation.

17 (g) If the qualified voters of the state approve the issuance of
18 these bonds, the amount of \$1,500,000 or as much of that amount as is
19 found necessary is appropriated from the general fund of the state to
20 the State Bond Committee to carry out the provisions of this section
21 and to pay expenses incident to the sale and issuance of the bonds
22 authorized in this section. The amounts expended from the appropriation
23 authorized by this section shall be reimbursed to the general fund
24 from the proceeds of the sale of the bonds authorized by this section.

25 (h) Any amount withdrawn from the Public Facility Planning Fund
26 for the purpose of advance planning for the improvements financed
27 under this section shall be reimbursed to the fund from the proceeds
28 of the sale of bonds authorized by this section.

29 (i) The question whether the bonds authorized in this section

1 are to be issued shall be submitted to the qualified voters of the
2 state at the next general election and shall read substantially as
3 follows:

4 Proposition

5 State General Obligation New State

6 Capital Construction Bonds \$966,000,000

7 Shall the State of Alaska issue its general
8 obligation bonds in the principal amount of
9 not more than \$966,000,000 for the purpose
10 of paying the costs of capital improvements
11 for the new State capital?

12 Bonds Yes []

13 Bonds No []

14 ARTICLE 6. GENERAL PROVISIONS.

15 Sec. 44.63.115. EXECUTIVE BUDGET ACT. The corporation is not
16 subject to the provisions of the Executive Budget Act. (AS 37.15)

17 Sec. 44.63.120. ANNUAL BUDGET. The board of directors shall
18 review and approve, by a two-thirds vote of members of the board, the
19 annual operational and capital program and budget for the corporation
20 and may, by such vote, amend the same from time to time. No corporate
21 funds may be expended or monies borrowed except in accordance with an
22 approved annual operational or capital program and budget, as the same
23 may be amended.

24 Sec. 44.63.125. ANNUAL REPORT. The corporation shall submit to
25 the governor, the Legislative Budget and Audit Committee, and the
26 committee established by Sec. 50 of this chapter, within three months
27 after the end of the corporation's fiscal year, a complete financial
28 report audited by a certified public accountant or firm of certified
29 public accountants, which shows (1) its receipts and expenditures

1 during its fiscal year; (2) its assets and liabilities at the end of
2 its fiscal year, including a schedule of its leases and mortgages and
3 the status of reserve, special and other funds; and (3) a schedule of
4 its bonds and notes outstanding at the end of its fiscal year together
5 with a statement of the amounts redeemed and incurred during its
6 fiscal year, and which also sets forth statements in detail of (1) the
7 progress of fulfillment of the financial and economic projections
8 contained in the general development and specific development plans,
9 and (2) its operations and accomplishments and any material problems
10 encountered in implementing the development plan.

11 Sec. 44.63.130. SPECIAL PROVISIONS RELATING TO DIRECTORS OF THE
12 CORPORATION AND MEMBERS OF THE ADVISORY COUNCIL. No director or
13 employee of the corporation or member of the development advisory
14 board may participate in any decision of the corporation relating to
15 any private firm in which he has a direct or indirect financial
16 interest.

17 Sec. 44.63.135. LIMITATION OF LIABILITY. Any person executing
18 any bond or note of the corporation is not liable personally on such
19 obligations by reason of their issuance.

20 Sec. 44.63.140. DEFINITIONS. In this chapter, unless the context
21 requires otherwise:

22 (1) "bonds" and "notes" mean, except in Sec. 110 of this
23 chapter, the bonds and notes, respectively, issued by the corporation
24 pursuant to this chapter.

25 (2) "capital city area" or "capital city site" means the
26 area specified in AS 29.18.540.

27 (3) "capital city" means the municipality, constituting a
28 political subdivision of the state, established and created pursuant
29 to AS 29.18.500, et seq.

1 (4) "corporation" means the corporate governmental instru-
2 mentality created by Sec. 20 of this chapter.

3 (5) "development advisory board" means the advisory board
4 created pursuant to Sec. 20 of this chapter.

5 (6) "development program" means one or more works, under-
6 takings or improvements (surface, subsurface, or overhead) or buildings
7 constructed, reconstructed, or improved or to be constructed, re-
8 constructed, or improved by the corporation within the capital city
9 area, pursuant to one or more specific development plans, all as the
10 corporation deems necessary or appropriate.

11 (7) "facility" means any utility or infra-structure plant
12 and any system or improvement, whether used or useful for residential,
13 educational, commercial, institutional, community, private, semi-
14 private or public purposes, including, without limitation, facilities
15 such as roads and public transportation systems, parks and recreational
16 facilities, water, sewer and drainage systems, electric, telephone and
17 other energy or communications systems or utilities and health, edu-
18 cational and community facilities, and private facilities such as
19 housing, commercial and industrial enterprises, in each case of what-
20 ever kind or character and under whatever form of ownership, and all
21 real or personal property necessary in connection therewith.

22 (8) "general development plan" means a general land use and
23 land development plan for the capital city area which contains the
24 elements more particularly set forth in Sec. 30 of this chapter.

25 (9) "governor" means the governor of the State of Alaska.

26 (10) "improved real property" means land on which there are
27 structures to be used for governmental, public, residential, commercial,
28 industrial or institutional purposes or land used in connection with
29 such structures, all pursuant to the general development plan.

1 (11) "real property" or "lands" means any right, title or
2 interest in real property of any kind, including but without limitation,
3 lands under water and subsurface or air rights separated from surface
4 rights.

5 (12) "legislature" means the legislature of the State of
6 Alaska.

7 (13) "municipality" means a home rule or general law city
8 or borough including but not limited to the capital city and a unified
9 municipality organized under AS 29.68.

10 (14) "private firm" means any private person, partnership,
11 corporation, foundation, trust or other business entity whether
12 organized for profit or not for profit.

13 (15) "public agency" means any officer, department, board,
14 commission, bureau, division, public corporation, agency or instru-
15 mentality of the state, the United States or any municipality.

16 (16) "required debt service reserve" has the meaning assigned
17 to the term in Sec. 90 of this chapter.

18 (17) "regulations" means actions of the corporation to
19 implement Secs. 25(22), 55 and 65 of this chapter adopted in accordance
20 with Sec. 20(h) of this chapter and any other action by the corporation
21 which it determines to take in the manner provided in Sec. 20(h) of
22 this chapter to implement any other provision of this chapter.

23 (18) "specific development plans" means the various plans
24 for the implementation of each phase or segment of the general develop-
25 ment plan, which contain the elements more particularly set forth in
26 Secs. 30 and 35 of this chapter, respectively.

27 (19) "state" means the State of Alaska.

28 * Sec. 2. AS 18.56.210(12) is amended to read:

29 (12) "remote, underdeveloped or blighted areas" means areas

1 considered by the corporation to require assistance available under
2 this chapter on account of insufficient availability of the residential
3 housing necessary to promote, develop or maintain the economic growth
4 or potential of the area, taking into consideration, without limitation,
5 the following:

6 (A) the population, resources and environment of the
7 area;

8 (B) the present availability and condition of residential
9 housing in and near the area;

10 (C) the cost of construction and rehabilitation of
11 residential housing in the area;

12 (D) the availability of other federal or state sponsored
13 programs to facilitate the development of residential housing in
14 the area; and

15 (E) the ability of residents of the area to finance the
16 purchase of residential housing or to rent or lease such housing
17 at rates comparable to those in effect in other areas of the
18 state.

19 The term "underdeveloped area" also includes the capital city area
20 as defined in AS 44.63.130 until its population exceeds 37,500 as
21 determined by the Department of Community and Regional Affairs.

22 * Sec. 3. AS 44.58.270 is amended by adding new subsection (i) to read
23 as follows:

24 (i) All references to the "reserve fund" in this section are
25 deemed to include special accounts within the reserve fund which may
26 be created by the authority to secure the payment of particular bonds
27 including, without limitation, bonds issued by the capital city
28 established pursuant to AS 29.18.530. The commissioner of revenue may
29 lend surplus money in the general fund to the corporation for deposit

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

8 * Sec. 4. The commissioner of revenue may loan not in excess of \$96,200,-
9 000 from surplus moneys in the general fund to the Alaska State Housing
10 Authority for the purpose of providing housing for persons of lower income
11 in the capital city area. The amounts loaned shall be used by the authority
12 for such purpose in accordance with the provisions of AS 18.55.300-370.
13 The loan or loans by the commissioner of revenue to the authority shall be
14 made at the rate or rates of interest and upon the terms and conditions as
15 the commissioner of revenue and the authority may agree upon.

16 * Sec. 5. AS 29 is amended by adding a new chapter to read:

17 TITLE 29. MUNICIPAL GOVERNMENT.

18 CHAPTER 18. INCORPORATION.

19 ARTICLE 5. CAPITAL CITY INCORPORATION.

20 Sec. 29.18.500. SHORT TITLE. This article may be cited as the
21 Capital City Incorporation Act.

22 Sec. 29.18.510. LEGISLATIVE FINDINGS. The legislature finds
23 that:

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

29 (2) there is a need for a municipality encompassing the

1 capital city area, prior to the arrival of any resident population, in
2 order to assist in the planning and development of the capital city
3 area, apply for grants, loans, technical assistance or other available
4 forms of aid, negotiate and enter into cooperative agreements with
5 other governmental entities and prepare to provide services to the
6 anticipated population;

7 (3) the present absence of a resident population and the
8 projected arrival of a large resident population at the capital city
9 area create unique circumstances requiring the creation of a special
10 governmental framework to prepare for the initial governance of the
11 capital city area, and to assist the Alaska Capital City Development
12 Corporation in the implementation of the general development plan and
13 specific development plans for the capital city;

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

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

20 Sec. 29.18.520. DEFINITIONS. In this article, unless the context
21 requires otherwise:

22 (1) "capital city area" is the area described in AS 29.18.540.

23 (2) "capital city" is the municipality, constituting a
24 political subdivision of the state and incorporated by this chapter,
25 which has the powers and duties specified by law.

26 (3) "development corporation" is the Alaska Capital City
27 Development Corporation, a corporate governmental instrumentality
28 created by AS 44.63.020.

29 (4) "general development plan" has the same meaning as pro-

1 vided in AS 44.63.030 and includes amendments to the general development
2 plan.

3 (5) "specific development plan" has the same meaning as
4 provided in AS 44.63.035 and includes amendments to each specific
5 development plan.

6 Sec. 29.18.530. INCORPORATION. There is hereby created and
7 incorporated a city of the state as the capital city of Alaska which
8 is a municipal corporation and political subdivision of the state, and
9 which is a city of the second class within the Matanuska-Susitna
10 Borough. The name of the city shall be determined according to a
11 procedure established by law. No action of the Local Boundary Commission
12 is required in connection with the incorporation of the capital city
13 pursuant to this chapter. The residents of the capital city may
14 petition to change the classification of the capital city as a munici-
15 pality in the manner provided by law, provided, however, that the
16 capital city may not dissolve without the approval of the governor and
17 the legislature.

18 Sec. 29.18.540. BOUNDARIES. The boundaries of the capital city
19 shall include all of that area of land designated by the voters of
20 Alaska as the new capital site of the state, which is more particularly
21 described in Sec. 680 of this chapter. No change in boundaries is
22 effective without the approval of the legislature and the governor.

23 Sec. 29.18.550. CITY COUNCIL. (a) Until council members elected
24 by the residents of the capital city take office as provided in Sec.
25 590 of this chapter, the council of the capital city shall have five
26 members, four of whom shall be appointed by the governor and shall
27 serve at the pleasure of the governor. The development corporation
28 shall designate a person who shall serve as a member of the council.
29 The council members appointed by the governor or designated by the

1 development corporation shall serve an initial term which expires on
2 the Monday following the first Tuesday in October of the calendar year
3 following the calendar year of initial appointment or designation.
4 Council members may be reappointed by the governor or redesignated by
5 the development corporation. Except as provided in Sec. 590 of this
6 chapter, the successors of the initial appointees and designee shall
7 serve for a term of two years commencing on the date the initial
8 appointments and designation expire, as provided above. Each appointee
9 and designee shall hold office for the term of his appointment and
10 until his successor has been appointed or designated and has qualified.

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

13 (c) The members of the council shall designate one of their
14 number to serve as chairman of the council. The chairman presides at
15 council meetings, determines the agenda for council meetings, and
16 carries out the other duties specified by ordinance.

17 Sec. 29.18.560. FILLING A VACANCY. If a vacancy occurs in the
18 council as constituted under Sec. 550 of this chapter among the members
19 appointed by the governor, the governor shall designate the replacement
20 who shall serve for the unexpired portion of the term.

21 Sec. 20.18.570. APPOINTMENT OF CITY OFFICIALS. (a) Until a
22 mayor is elected pursuant to Sec. 590 of this chapter, the council
23 shall appoint a city manager for the capital city, who shall not be
24 one of its members, to serve at the pleasure of the council.

25 (b) Except to the extent that the council assigns functions or
26 duties to the other city officials, and except that the city manager
27 may neither preside at council meetings nor vote at council meetings,
28 the city manager has the powers and duties of all executive and
29 administrative city officials set out in this title.

3 (c) The council may, at its discretion, appoint additional city
4 officials, who shall assume the duties specified by ordinance.

5 Sec. 29.18.580. PROCEDURES. Until council members elected by
6 the residents of the capital city take office as provided in Sec. 590
7 of this chapter,

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

13 (2) The council shall determine its own rules and provide
14 for keeping a journal of its proceedings.

15 (3) Three council members constitute a quorum and three
16 affirmative votes are required for the passage of an ordinance, resolu-
17 tion, or motion.

18 (4) The final vote on each ordinance, resolution, or sub-
19 stantive motion shall be a recorded roll call vote. All council
20 members present shall vote unless the council, for special reasons,
21 permits a member to abstain.

22 (5) The council may provide for meetings to be held and
23 formal action to be taken by conference telephone.

24 (6) Whenever the council is required by law, to provide
25 public notice or to publish notice in a newspaper of general circula-
26 tion within the municipality, that element of notice shall be satisfied
27 if (A) the notice is published in a newspaper of general circulation
28 within the Matanuska-Susitna Borough and (B) when the notice is given
29 in connection with a planned public hearing in a municipality outside
30 the Matanuska-Susitna Borough, if the notice is also published in a
31 newspaper of general circulation within that municipality.

1 Sec. 29.18.590. TRANSITION. (a) When the capital city attains
2 a population of 25 permanent residents, as certified by the lieutenant
3 governor based on the best information available, the lieutenant
4 governor shall notify the council of this determination. The lieutenant
5 governor shall specify an election date which shall be the first
6 Tuesday of October following the said notification, except that if it
7 shall be less than six months from the date of said certification to
8 the first Tuesday of October then the election date shall be the first
9 Tuesday of October of the year following. The elected members shall
10 take office on the Monday following the election.

11 (b) After the lieutenant governor has specified the election
12 date, the council shall make arrangements for an election at which
13 five council members shall be elected in the manner prescribed by
14 ordinance. The expenses of the election shall be borne by the state.
15 The council of the capital city shall have seven members. The governor
16 shall designate two council members holding office on the date of said
17 election to remain members of the council for a two year term commencing
18 on the date the elected council members take office. The successors
19 to said appointed council members shall be elected by the residents,
20 except that if either of the appointed council members shall leave
21 office during the two years, the governor may appoint a successor.
22 All other appointed or designated council members shall leave office
23 whether or not their term of office has then expired. The council
24 shall by ordinance adopted prior to the election provide for the
25 manner of nominating candidates for office and for the election
26 procedures. The term of elected council members is two years, provided,
27 however, that three of the members are elected for an initial term of
28 one year and the remainder for two years. A mayor shall be chosen
29 from among the members of the council in the manner provided by law

and ordinance.

Sec. 29.18.610. POWERS. The capital city is a second class city and, except as otherwise provided herein, has all of the powers of a second class city as provided by this title and by law. The Matanuska-Susitna Borough may not, without the approval of the legislature, assume or exercise an area-wide power within the capital city area for a period of five years from the date of the election described in Sec. 590(b) of this chapter except pursuant to an agreement with the capital city and the development corporation entered into under Sec. 660 of this chapter, and except for those powers being exercised on an area-wide basis on January 1, 1978.

Sec. 29.18.620. PUBLIC SCHOOLS. The capital city and the Matanuska-Susitna Borough shall enter into a cooperative agreement, to which the development corporation and the state may be a party, respecting the timely provision of public schools in the capital city area in accordance with the general development plan. Payments to fund the annual cost of repayment of principal, and interest accrued thereon, obligated by such borough for construction of public schools included in the general development plan in the capital city area shall be made to such borough by the state in each year at such time or times as necessary for the borough to meet its applicable repayment dates. The capital costs, in such amounts and when required in accordance with the general and applicable specific development plans, shall be provided to the borough by the state with the proceeds of general obligation bonds issued pursuant to AS 44.63.110.

Sec. 29.18.630. TAXING POWER. So long as it is a second class city, the capital city may be referendum levy real and personal property taxes at a rate not to exceed the maximum rate then permitted by law for first class cities.

2 Sec. 29.18.640. PLANNING AND ZONING AUTHORITY. The capital city
3 and the Matanuska-Susitna Borough shall within nine months after
4 incorporation of the capital city, enter into an agreement by which
5 the capital city shall exercise such planning, zoning, building and
6 housing code powers and functions as it deems necessary and desirable
7 in order to assure coordination with and preservation of the general
8 development plan and specific development plans. The agreement shall
9 consider the need and desirability for coordination among the develop-
10 ment corporation, the capital city and the borough, and shall provide
11 for a sharing of planning, zoning, building and housing code, powers
12 and functions between the capital city and the borough which ensures
13 an orderly development of the general development plan and specific
14 development plans and a maximum of control by the residents of the
15 capital city over local community development and affairs, consistent
16 with the general regional concerns of the borough. The development
17 corporation may be a part, to this agreement. The general development
18 plan and specific development plans, as amended from time to time,
19 constitute the land use plan for the capital city area and supersede
20 all planning, zoning, subdivision, building code, or other similar
21 enactments of the Matanuska-Susitna Borough in the capital city area
22 with respect to land not owned by the development corporation. With
23 respect to land not owned by the development corporation, the general
24 development plan and specific development plans shall continue to
25 supersede enactments of the Matanuska-Susitna Borough as provided
26 above until after the land has been fully developed. After full
27 development of any parcel of land, the Matanuska-Susitna Borough may
28 not exercise any area-wide power in a manner which conflicts with the
29 general development plan or specific development plans provided,
however, that the foregoing provision ceases to obtain when the develop-

1 ment corporation is dissolved or on January 1, 2000, whichever comes
2 first.

3 Sec. 29.18.650. TRANSFER OF UTILITIES TO CAPITAL CITY. The
4 development corporation, in cooperation with the capital city, shall
5 arrange for and agree to an orderly schedule for transferring to the
6 capital city ownership of, and financial and operational responsi-
7 bility for, utilities and other facilities including, but not limited
8 to, streets, sewers, water, heating and steam systems, transportation,
9 and other utilities and facilities which the development corporation
10 deems to be integral parts of the capital city infra-structure.
11 Before January 1, 1985, the development corporation and the council of
12 the capital city shall jointly retain independent consultants to study
13 and determine an orderly schedule for transfer of these utilities and
14 facilities to the capital city. The study shall consider the capabili-
15 ties of the capital city and its existing and anticipated residents to
16 finance, through taxation, user charges, bond issues and other means,
17 the cost of these utilities and other facilities and their operating
18 expenses. The consultants shall propose a recommended schedule for
19 and terms and conditions of transfer which are commensurate with the
20 capital city's existing and anticipated population, tax base and any
21 other factors relating to its capability to finance and operate these
22 facilities as they deem appropriate. The development corporation
23 shall, after considering the consultant's report, propose a schedule
24 of and terms and conditions of such transfer to the capital city,
25 which shall, upon review and approval by the council, be reflected in
26 an agreement between the development corporation and the capital city.
27 If the development corporation and the capital city are unable to
28 agree within six months after the development corporation submits its
29 proposal, the development corporation shall submit the proposal to the

1 Legislative Budget and Audit Committee which shall consider the
2 proposal, and if the committee deems appropriate, shall recommend to
3 the legislature the enactment of legislation it deems desirable with
4 respect to the disposition of the utilities and other facilities. In
5 the event that no recommendation is made to the legislature or in the
6 event that the legislature does not enact legislation regarding such
7 disposition during the legislative session at which the recommendation
8 is made, the development corporation may at any time thereafter sell
9 or dispose of the utilities and facilities or any of them to a private
10 person or entity or government body, or continue to operate them.

11 Sec. 29.18.660. AGREEMENTS. The development corporation, the
12 capital city, the Matanuska-Susitna Borough, the state and any agency
13 or instrumentality of the state, as well as all other entities per-
14 mitted by law, may enter into agreements for the cooperative or joint
15 administration of any functions or powers. Any such agreement, when-
16 ever entered into, shall be binding and enforceable upon the parties
17 in accordance with its terms. This section shall continue to apply to
18 the capital city and the Matanuska-Susitna Borough, even if either or
19 both adopt a home rule charter.

20 Sec. 29.18.670. APPLICABILITY OF OTHER PROVISIONS OF LAW. All
21 applicable provisions of law consistent with the provisions of this
22 article apply to the capital city. When there is an inconsistency
23 between Secs. 500-660 of this chapter and any other provision of law,
24 the provisions of Secs. 500-660 of this chapter prevail over any other
25 provisions of law. The provisions of this chapter authorizing agree-
26 ments to be entered into by the capital city (AS 29.18.640, 650 and
27 660) limiting boundary changes (AS 29.18.540) and action of the
28 Matanuska-Susitna Borough (AS 29.18.610 and AS 29.18.640) shall continue
29 in effect notwithstanding a change in the municipal classification of

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

Sec. 29.18.680. The description of the capital city is [to be supplied].

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

#



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Irish
Signature of Camera Operator

2/23/90
Date

April 12, 1978

HOUSE JOURNAL

833

HB 692 was referred to the Rules Committee for placement on the calendar.

HB
692

The Commerce Committee has had HOUSE BILL NO. 778 (skiing and the regulation of skiing facilities; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 778 (same title) and that it be reported back without recommendation. Concurring: McKinnon (Chairman), Chatterton, Bradley and Parr. Not concurring: Hayes recommends do pass.

HB
778

HB 778 was referred to the Rules Committee for placement on the calendar.

The Finance Committee has had HOUSE BILL NO. 861 (special appropriations to the Alaska Housing Finance Corporation; effective date) under consideration and a majority of the committee recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 861 (same title) and that it do pass. Concurring: Gruening, Duncan, Meekins, Buchholdt, Swanson, Schaeffer, Guy, Haugen, Rhode and Freeman. Not concurring: Cowper (Chairman) has no recommendation.

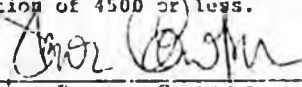
HB
861

HB 861 was referred to the Rules Committee for placement on the calendar.

The Finance Committee's letter of intent on CSHB 861 appears as follows:

HOUSE FINANCE COMMITTEE
Letter of Intent CSHB 861

Sec. 2 of CSHB 861 appropriates \$1,000,000 to the rural housing insurance account of the mortgage insurance fund of the Alaska Housing Finance Corporation for the benefit of rural housing programs. It is the intent of the House, for the purposes of this section, that the Alaska Housing Finance Corporation construe "rural" to be those communities of the state which do not have access to Anchorage or Fairbanks by road or railroad and that have a population of 4500 or less.


Steve Cowper, Chairman
House Finance Committee

CITATIONS

Legislative Citation Commending Cindy Roberts, by Representative Dankworth, was read and referred to the Rules Committee for placement on the calendar.

INTRODUCTION, FIRST READING AND REFERENCE
OF HOUSE RESOLUTIONS

HCR HOUSE CONCURRENT RESOLUTION NO. 123 by the Judiciary
123 Committee:

Requesting the judicial council to aid
the Alaska court system in developing guide-
lines for sentencing first felony offenders.

was introduced, read the first time and referred to the
Judiciary Committee.

HJR HOUSE JOINT RESOLUTION NO. 70 by the Community and
70 Regional Affairs Committee:

Supporting a comprehensive Alaska-based
civil rights in education assistance
center.

was introduced, read the first time and referred to the
Community and Regional Affairs Committee.

HJR HOUSE JOINT RESOLUTION NO. 71 by the State Affairs
71 Committee:

Proposing an amendment to the
Constitution of the State of Alaska
increasing the membership of each
chamber of the legislature.

was introduced, read the first time and referred to the
Committees on State Affairs and Judiciary.

INTRODUCTION, FIRST READING AND REFERENCE
OF HOUSE BILLS

HB HOUSE BILL NO. 925 by the State Affairs Committee by
925 request, entitled:

"An Act establishing the Alaska Film
Commission."

was introduced, read the first time and referred to the
Committees on Commerce and Finance.

HB HOUSE BILL NO. 926 by the State Affairs Committee by
926 request, entitled:

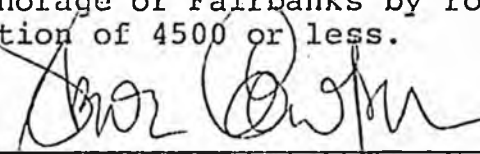
"An Act making a special appropriation
to the Alaska Film Commission for the costs
of its operations for one year; and pro-
viding for an effective date."

was introduced, read the first time and referred to the
Committees on Commerce and Finance.

HOUSE JOURNAL

HOUSE FINANCE COMMITTEE Letter of Intent CSHB 861

Sec. 2 of CSHB 861 appropriates \$1,000,000 to the rural housing insurance account of the mortgage insurance fund of the Alaska Housing Finance Corporation for the benefit of rural housing programs. It is the intent of the House, for the purposes of this section, that the Alaska Housing Finance Corporation construe "rural" to be those communities of the state which do not have access to Anchorage or Fairbanks by road or railroad and that have a population of 4500 or less.



Steve Cowper, Chairman
House Finance Committee

Original sponsor: Finance Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 351

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska
7 Housing Finance Corporation; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$2,330,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation for
12 the period beginning July 1, 1973 and ending December 31, 1979 to be paid to
13 the mortgage insurance fund in the amounts requested by the corporation as
14 necessary in connection with the issuance of insured mortgage program bonds
15 of the corporation.

16 * Sec. 2. The sum of \$1,000,000 is appropriated from the general fund to
17 the rural housing insurance account of the mortgage insurance fund of the
18 Alaska Housing Finance Corporation, to be paid to the account in the amounts
19 requested by the corporation as necessary in connection with the issuance of
20 insured mortgage program bonds of the corporation for the benefit of rural
21 housing programs.

* Sec. 3. The sum of \$100,000 is appropriated from the general fund to
the Alaska Housing Finance Corporation, Department of Commerce and Economic
Development, to meet expenses of personnel training costs in conjunction with
implementation of a rural housing program.

* Sec. 4. The unexpended and unobligated portion of the appropriation
made in sec. 3 of this Act lapses into the general fund June 30, 1979.

* Sec. 5. This Act takes effect immediately in accordance with AS 01.10.-
070(c).

HOUSE JOURNAL

Letter of Intent CSHB 861

Sec. 2 of CSHB 861 appropriates \$1,000,000 to the rural housing insurance account of the mortgage insurance fund of the Alaska Housing Finance Corporation for the benefit of rural housing programs. It is the intent of the House, for the purposes of this section, that the Alaska Housing Finance Corporation construe "rural" to be those communities of the state which do not have access to Anchorage or Fairbanks by road or railroad and that have a population of 4500 or less.

Introduced: 2/24/78
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 861

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska
7 Housing Finance Corporation; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$1,440,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation for
12 the period beginning July 1, 1978 and ending December 31, 1979 to be paid to
13 the mortgage insurance fund in the amounts requested by the corporation as
14 necessary in connection with the issuance of insured mortgage program bonds
15 of the corporation.

16 * Sec. 2. The sum of \$1,440,000 is appropriated from the general fund to
17 the mortgage insurance fund of the Alaska Housing Finance Corporation for
18 the period beginning July 1, 1978 and ending December 31, 1979 to be paid
19 to the mortgage insurance fund in the amounts requested by the corporation
20 as necessary in connection with the issuance of insured mortgage program
21 bonds of the corporation. The appropriation made in this section is express-
22 ly conditioned upon design and commencement by the Alaska Housing Finance
23 Corporation of a direct loan program in the rural areas and certification by
24 the Legislative Budget and Audit Committee that an adequate direct loan
25 program has been designed and that satisfactory commencement of the direct
26 loan program has occurred.

27 * Sec. 3. The sum of \$3,000,000 is appropriated from the general fund to
28 the housing development fund of the Alaska Housing Finance Corporation to be
29 used only for the making of direct mortgage and construction loans in the

1 rural areas of the state.

2 * Sec. 4. This Act takes effect July 1, 1978.

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ALASKA HOUSING FINANCE CORPORATION
FINANCIAL STATEMENTS

NOVEMBER 30, 1977

P
W
Pricewaterhouse

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS
ALASKA HOUSING FINANCE CORPORATION

In our opinion, the accompanying balance sheets and the related statements of revenues and expenses and fund balances and of changes in financial position present fairly the financial position of Alaska Housing Finance Corporation at November 30, 1977 and 1976 and the results of its operations and the changes in its financial position for the years ended November 30, 1977, 1976 and 1975, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Pricewaterhouse & Co.

Anchorage, Alaska
December 30, 1977

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

	November 30, 1977					
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
ASSETS:						
Cash—						
Demand deposits	\$ 40,651	\$ 5	\$ 7,103	\$ 191		\$ 47,950
Savings accounts	316,443	51,730	788,684	614,641	\$ 187,710	1,959,208
Held in trust		60,242	4,164	4,469		68,875
	<u>357,094</u>	<u>111,977</u>	<u>799,951</u>	<u>619,201</u>	<u>187,710</u>	<u>2,076,033</u>
Investments (Note 1)—						
Certificates of deposit	3,870,000	10,000,000	4,033,028	17,258,454		35,161,482
U.S. Treasury				13,158,599		13,158,599
Bank repurchase agreements		4,566,589	8,011,631	22,978,765	12,015	35,569,000
	<u>3,870,000</u>	<u>14,566,589</u>	<u>12,044,659</u>	<u>53,395,818</u>	<u>12,015</u>	<u>83,889,081</u>
First mortgage loans, less net unamortized discount or premium of \$2,019,384 (Notes 1, 2 and 5)		11,395,383	99,566,908	133,127,954	2,812,911	246,903,156
Home improvement loans	257,847				48,209	306,056
Deed of trust note receivable from Alaska State Housing Authority (Note 4)					3,900,000	3,900,000
Accrued interest receivable	3,628	151,068	816,673	1,598,255	46,344	2,615,968
Bond issuance costs, net of amortization (Note 1)			374,614	307,820		682,434
Capital investment in State Mortgage Insurance Fund (Note 5)	175,000					175,000
Office equipment and improvements, net of accumulated depreciation of \$6,460 (Note 1)	27,377					27,377
Total Assets	<u>\$4,690,946</u>	<u>\$26,225,017</u>	<u>\$113,602,805</u>	<u>\$189,049,148</u>	<u>\$7,007,189</u>	<u>\$340,575,105</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized discount or premium of \$2,980,327 (Notes 3 and 4)—						
Mortgage bonds			\$106,353,143	\$170,331,257		\$276,684,400
Notes payable		\$25,000,273				25,000,273
Payable to the State of Alaska				12,798,000	\$6,801,073	19,599,073
Accrued interest payable		736,743	3,564,593	5,298,565	58,291	9,658,192
Accrued expenses	\$ 48,917	3,577	34,473	52,731	907	140,605
Total Liabilities	<u>48,917</u>	<u>25,740,593</u>	<u>109,952,209</u>	<u>188,480,553</u>	<u>6,860,271</u>	<u>331,082,543</u>
Fund balances, designated for purposes allowed within the respective funds (Notes 3, 5 and 6)						
Total Fund Balances	<u>4,642,029</u>	<u>484,424</u>	<u>3,650,596</u>	<u>568,595</u>	<u>146,918</u>	<u>9,492,562</u>
Commitments (Note 6)						
Total Liabilities and Fund Balances	<u>\$4,690,946</u>	<u>\$26,225,017</u>	<u>\$113,602,805</u>	<u>\$189,049,148</u>	<u>\$7,007,189</u>	<u>\$340,575,105</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

November 30, 1976

	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
ASSETS:						
Cash—						
Demand deposits	\$ 66,188	\$ 18,764	\$ 565,753	\$ 125,785		\$ 776,490
Savings accounts	644,546				\$ 267,332	911,878
Held in trust		843,711	74,158	284,550		1,202,419
	<u>710,734</u>	<u>862,475</u>	<u>639,911</u>	<u>410,335</u>	<u>267,332</u>	<u>2,890,787</u>
Investments (Note 1)—						
Certificates of deposit	975,992	49,300	4,978,039	21,845,778		27,849,109
U.S. Treasury				4,495,265		4,495,265
Bank repurchase agreements			1,189,920	60,780		1,250,700
	<u>975,992</u>	<u>49,300</u>	<u>6,167,959</u>	<u>26,401,823</u>	<u>—</u>	<u>33,595,074</u>
First mortgage loans, less net unamortized discount or premium of \$2,143,557 (Notes 1 and 5)						
	1,873,085	9,414,521	105,866,647	23,581,528	4,683,882	145,419,663
Home improvement loans	187,116				64,923	252,039
Deed of trust note receivable from Alaska State Housing Authority (Note 4)					3,900,000	3,900,000
Accrued interest receivable	28,984	721	900,576	227,465	60,885	1,297,511
Bond issuance costs, net of amortization (Note 1)			396,418	48,000		444,418
Prepaid expenses	50,000					50,000
Office equipment and improvements, net of accumulated depreciation of \$4,159 (Note 1)	22,604					22,604
Total Assets	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized discount or premium of \$1,136,999 (Notes 3 and 4)—						
Mortgage bonds			\$107,685,140	\$49,212,861		\$156,898,001
Notes payable		\$10,000,089				10,000,089
Payable to the State of Alaska				500,000	\$8,674,782	9,174,782
Accrued interest payable		291,597	3,615,018	854,146	150,392	4,911,153
Accrued expenses	\$ 51,226	3,275	39,077	7,862	1,684	103,124
Total Liabilities	<u>51,226</u>	<u>10,294,961</u>	<u>111,339,235</u>	<u>50,574,869</u>	<u>8,826,858</u>	<u>181,087,149</u>
Fund balances, designated for—						
Special reserves (Note 3)	1,330,696					1,330,696
Purposes allowed within the respective funds (Note 5)	2,466,593	110,936	2,632,276	94,282	150,164	5,454,251
Total Fund Balances	<u>3,797,289</u>	<u>110,936</u>	<u>2,632,276</u>	<u>94,282</u>	<u>150,164</u>	<u>6,784,947</u>
Commitments (Note 6)						
Total Liabilities and Fund Balances	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>

See accompanying notes to financial statements

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

	November 30, 1977					
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
ASSETS:						
Cash—						
Demand deposits	\$ 40,651	\$ 5	\$ 7,103	\$ 191		\$ 47,950
Savings accounts	316,443	51,730	788,684	614,641	\$ 187,710	1,959,208
Held in trust		60,242	4,164	4,469		68,875
	<u>357,094</u>	<u>111,977</u>	<u>799,951</u>	<u>619,301</u>	<u>187,710</u>	<u>2,076,033</u>
Investments (Note 1)—						
Certificates of deposit	3,870,000	10,000,000	4,033,028	17,258,454		35,161,482
U.S. Treasury				13,158,599		13,158,599
Bank repurchase agreements		4,566,589	8,011,631	22,978,765	12,015	35,569,000
	<u>3,870,000</u>	<u>14,566,589</u>	<u>12,044,659</u>	<u>53,395,818</u>	<u>12,015</u>	<u>83,889,081</u>
First mortgage loans, less net unamortized discount or premium of \$2,019,384 (Notes 1, 2 and 5)						
Home improvement loans	257,847	11,395,383	99,566,908	133,127,954	2,312,911	246,903,156
Deed of trust note receivable from Alaska State Housing Authority (Note 4)					48,209	306,056
Accrued interest receivable	3,628	151,068	816,673	1,598,255	3,900,000	3,900,000
Bond issuance costs, net of amortization (Note 1)			374,614	307,820	46,344	2,615,958
Capital investment in State Mortgage Insurance Fund (Note 5)	175,000					175,000
Office equipment and improvements, net of accumulated depreciation of \$6,460 (Note 1)	27,377					27,377
Total Assets	<u>\$4,690,946</u>	<u>\$26,225,017</u>	<u>\$113,602,805</u>	<u>\$189,049,148</u>	<u>\$7,007,189</u>	<u>\$340,575,105</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized discount or premium of \$2,980,327 (Notes 3 and 4)—						
Mortgage bonds			\$106,353,143	\$170,331,257		\$276,684,400
Notes payable		\$25,000,273				25,000,273
Payable to the State of Alaska				12,798,000	\$6,801,073	19,599,073
Accrued interest payable		736,743	3,564,593	5,298,565	58,291	9,658,192
Accrued expenses	\$ 48,917	3,577	34,473	52,731	907	140,605
Total Liabilities	<u>48,917</u>	<u>25,740,593</u>	<u>109,952,209</u>	<u>188,480,553</u>	<u>6,860,271</u>	<u>331,082,543</u>
Fund balances, designated for purposes allowed within the respective funds (Notes 3, 5 and 6)						
Total Fund Balances	<u>4,642,029</u>	<u>484,424</u>	<u>3,650,596</u>	<u>568,595</u>	<u>146,918</u>	<u>9,492,562</u>
Commitments (Note 6)						
Total Liabilities and Fund Balances	<u>\$4,690,946</u>	<u>\$26,225,017</u>	<u>\$113,602,805</u>	<u>\$189,049,148</u>	<u>\$7,007,189</u>	<u>\$340,575,105</u>

See accompanying notes to financial statements

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS
ALASKA HOUSING FINANCE CORPORATION

In our opinion, the accompanying balance sheets and the related statements of revenues and expenses and fund balances and of changes in financial position present fairly the financial position of Alaska Housing Finance Corporation at November 30, 1977 and 1976 and the results of its operations and the changes in its financial position for the years ended November 30, 1977, 1976 and 1975, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PricewaterhouseCoopers & Co.

Anchorage, Alaska
December 30, 1977

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES

	Year Ended November 30, 1977					Combined
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	
Revenues:						
Interest income—						
Mortgages	\$ 128,865	\$ 892,189	\$8,475,362	\$6,127,803	\$318,673	\$15,942,892
Investments	133,623	524,117	364,135	1,805,968	11,533	2,839,376
	262,488	1,416,306	8,839,497	7,933,771	330,206	18,782,268
Loan fees	591,915			107,787		699,702
Total revenues	<u>854,403</u>	<u>1,416,306</u>	<u>8,839,497</u>	<u>8,041,558</u>	<u>330,206</u>	<u>19,481,970</u>
Operating expenses:						
Interest on notes and bonds		857,523	7,147,188	6,859,107	313,141	15,176,959
Mortgage service fees	5,219	37,526	378,415	267,054	5,426	693,640
General and administrative expenses ..	407,759	16,088	32,592	5,309		461,748
Legal, accounting and trustee fees	140,840					140,840
Loan losses	69,496				14,835	84,381
Insured Mortgage Program (Note 5) ..				107,787		107,787
Interfund operating charge (credit)	(590,970)		262,982	327,988		
Total operating expenses	<u>32,344</u>	<u>911,137</u>	<u>7,821,177</u>	<u>7,567,245</u>	<u>333,452</u>	<u>16,665,355</u>
Revenues in excess (less than) operating expenses	822,059	505,169	1,018,320	474,313	(3,246)	2,816,615
Contribution to State Mortgage Insurance Fund (Note 5)	109,000					109,000
Revenues in excess (less than) expenses	713,059	505,169	1,018,320	474,313	(3,246)	2,707,615
Fund balance, beginning of period	3,797,289	110,936	2,632,276	94,282	150,164	6,784,947
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund	131,681	(131,681)				
Fund balance, end of period (Notes 3, 5 and 6)	<u>\$4,642,029</u>	<u>\$ 484,424</u>	<u>\$3,650,596</u>	<u>\$ 568,595</u>	<u>\$146,918</u>	<u>\$ 9,492,562</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

BALANCE SHEET

	November 30, 1976					
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
ASSETS:						
Cash—						
Demand deposits	\$ 66,188	\$ 18,764	\$ 565,753	\$ 125,785		\$ 776,490
Savings accounts	644,546				\$ 267,332	911,878
Held in trust		843,711	74,158	284,550		1,202,419
	<u>710,734</u>	<u>862,475</u>	<u>639,911</u>	<u>410,335</u>	<u>267,332</u>	<u>2,890,787</u>
Investments (Note 1)—						
Certificates of deposit	975,992	49,300	4,978,039	21,845,778		27,849,109
U.S. Treasury				4,495,265		4,495,265
Bank repurchase agreements			1,189,920	60,780		1,250,700
	<u>975,992</u>	<u>49,300</u>	<u>6,167,959</u>	<u>26,401,823</u>	<u>—</u>	<u>33,595,074</u>
First mortgage loans, less net unamortized discount or premium of \$2,143,557 (Notes 1 and 5)						
Home improvement loans	1,873,085	9,414,521	105,866,647	23,581,528	4,633,882	145,419,663
Deed of trust note receivable from Alaska State Housing Authority (Note 4)	187,116				54,923	252,039
Accrued interest receivable	28,984	79,601	900,576	227,465	3,900,000	3,900,000
Bond issuance costs, net of amortization (Note 1)			396,418	48,000	60,885	1,297,511
Prepaid expenses	50,000					444,418
Office equipment and improvements, net of accumulated depreciation of \$4,159 (Note 1)	22,604					50,000
Total Assets	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>
LIABILITIES AND FUND BALANCES:						
Bonds and notes payable, less net unamortized discount or premium of \$1,136,999 (Notes 3 and 4)—						
Mortgage bonds			\$107,685,140	\$49,212,861		\$156,898,001
Notes payable		\$10,000,089				10,000,089
Payable to the State of Alaska				500,000	\$8,674,782	9,174,782
Accrued interest payable		291,597	3,615,018	854,146	150,392	4,911,153
Accrued expenses	\$ 51,226	3,275	39,077	7,862	1,684	103,124
Total Liabilities	<u>51,226</u>	<u>10,294,961</u>	<u>111,339,235</u>	<u>50,574,869</u>	<u>8,826,858</u>	<u>181,087,149</u>
Fund balances, designated for—						
Special reserves (Note 3)	1,330,696					1,330,696
Purposes allowed within the respective funds (Note 5)	2,466,593	110,936	2,632,276	94,282	150,164	5,454,251
Total Fund Balances	<u>3,797,289</u>	<u>110,936</u>	<u>2,632,276</u>	<u>94,282</u>	<u>150,164</u>	<u>6,784,947</u>
Commitments (Note 6)						
Total Liabilities and Fund Balances	<u>\$3,848,515</u>	<u>\$10,405,897</u>	<u>\$113,971,511</u>	<u>\$50,669,151</u>	<u>\$8,977,022</u>	<u>\$187,872,096</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCES

	Year Ended November 30, 1976						Combined
	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	
Revenues:							
Interest income—							
Mortgages	\$ 72,402		\$ 58,364	\$8,425,808	\$ 801,750	\$449,308	\$ 9,807,632
Investments	117,504	\$1,170,445	347,719	315,046	137,586	10,521	2,098,821
	189,906	1,170,445	406,083	8,740,854	939,336	459,829	11,906,453
Loan fees	470,287				111,590		581,877
Total revenues	660,193	1,170,445	406,083	8,740,854	1,050,926	459,829	12,488,330
Operating expenses:							
Interest on notes and bonds		736,564	291,386	7,248,208	809,917	411,902	9,497,977
Mortgage service fees	1,363		3,761	394,140	32,819	14,243	446,326
General and administrative expenses	436,667			22,041	2,319		461,027
Legal, accounting and trustee fees	108,203						108,203
Insured Mortgage Program (Note 5)					111,589		111,589
Interfund operating charge (credit)	(361,608)			361,608			
Total operating expenses	184,625	736,564	295,147	8,025,997	956,644	426,145	10,625,122
Revenues in excess of operating expenses	475,568	433,881	110,936	714,857	94,282	33,684	1,863,208
Contribution to State Mortgage Insurance Fund (Note 5)	491,000						491,000
Revenues in excess (less than) expenses	(15,432)	433,881	110,936	714,857	94,282	33,684	1,372,208
Fund balance, beginning of period ..	1,542,355	1,836,485		1,917,419		116,480	5,412,739
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund ..	2,270,366	(2,270,366)					
Fund balance, end of period (Notes 3 and 5)	\$3,797,289	\$ -	\$110,936	\$2,632,276	\$ 94,282	\$150,164	\$ 6,784,947

	Year Ended November 30, 1975						Combined
	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	
Revenues:							
Interest income—							
Mortgages	\$ 514	\$ 849,678		\$6,425,219		\$464,413	\$ 7,739,824
Investments	91,417	2,827,101		553,563		19,057	3,491,136
	91,931	3,676,779		6,978,782		483,468	11,230,960
Loan fees	215,579						215,579
Total revenues	307,510	3,676,779		6,978,782		483,468	11,446,539
Operating expenses:							
Interest on notes and bonds		2,607,195		5,822,987		423,535	8,853,717
Mortgage service fees		25,112		316,078		11,593	352,783
General and administrative expenses	136,207	41,921		27,176			205,304
Legal, accounting and trustee fees	153,108						153,108
Interfund operating charge (credit)	(275,076)			275,076			
Total operating expenses	14,239	2,674,228		6,441,317		435,128	9,564,912
Revenues in excess of expenses	293,271	1,002,551		537,465		48,340	1,881,627
Fund balance, beginning of period ..	1,059,072	1,023,946		1,379,954		68,140	3,531,112
Transfer of net assets applicable to matured bond anticipation notes to the Corporation Operating Fund ..	190,012	(190,012)					
Fund balance, end of period	\$1,542,355	\$1,836,485	\$ -	\$1,917,419	\$ -	\$116,480	\$ 5,412,739

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended November 30, 1977					Combined
	Corporation Operating Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	
Sources of cash:						
From operations—						
Revenues over (under) ex- penses	\$ 713,059	\$ 505,169	\$ 1,018,320	\$ 474,313	\$ (3,246)	\$ 2,707,615
Add (deduct) items not requiring (providing) cash:						
Net amortization of dis- counts, premiums and bond issuance costs ..	(2,146)	(3,048)	(380,427)	78,255		(307,366)
Depreciation	2,301					2,301
(Increase) decrease in accrued interest receiv- able	25,356	(71,467)	83,903	(1,370,790)	14,541	(1,318,457)
Increase (decrease) in accrued interest pay- able		445,146	(50,425)	4,444,419	(92,101)	4,747,039
Net increase (decrease) in accrued and pre- paid expenses	47,691	302	(4,604)	44,869	(778)	87,480
Loan losses	69,496				14,885	84,381
Cash provided (used) by operations	855,757	876,102	666,767	3,671,066	(66,699)	6,002,993
Transfer from (to) other funds	131,681	(131,681)				
Mortgages (purchased) sold to other funds	1,864,276	33,331,813	(3,934,795)	(32,898,007)	1,636,713	
Mortgage principal repay- ments	24,728	315,279	16,588,397	3,808,800	236,088	20,973,360
Net proceeds from sale of housing mortgage bonds ..				120,786,265		120,786,265
Net proceeds from sale of bond anticipation notes ..		25,001,002				25,001,002
Increase in notes payable to the State of Alaska				12,300,000		12,300,000
Total	<u>2,876,442</u>	<u>59,392,515</u>	<u>13,320,369</u>	<u>107,668,192</u>	<u>1,806,102</u>	<u>185,063,620</u>
Uses of cash:						
State Mortgage Insurance Fund	175,000					175,000
Increase (decrease) in in- vestments	2,894,008	14,517,289	5,876,700	26,993,995	12,015	50,294,007
Purchase of first mortgage loans	154,000	35,625,724	5,933,629	80,443,231		122,156,584
Payment of housing and in- sured mortgage bonds ...			1,350,000	20,000		1,370,000
Payment of bond anticipation notes		10,000,000				10,000,000
Payment of State of Alaska notes				2,000	1,873,709	1,875,709
Other	7,074					7,074
Total	<u>3,230,082</u>	<u>60,143,013</u>	<u>13,160,329</u>	<u>107,459,226</u>	<u>1,885,724</u>	<u>185,878,374</u>
Increase (decrease) in cash ..	(353,640)	(750,498)	160,040	208,966	(79,622)	(814,754)
Cash balance, beginning of period	710,734	862,475	639,911	410,335	267,332	2,890,787
Cash balance, end of period ..	<u>\$ 357,094</u>	<u>\$ 111,977</u>	<u>\$ 799,951</u>	<u>\$ 619,301</u>	<u>\$ 187,710</u>	<u>\$ 2,076,033</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended November 30, 1976

	Corporation Operating Fund	Housing Mortgage Note Fund	Mortgage Program Note Fund	Housing Mortgage Bond Fund	Insured Mortgage Bond Fund	Housing Development Fund	Combined
Sources of cash:							
From operations—							
Revenues over (under) expenses	\$ (15,432)	\$ 433,881	\$ 110,936	\$ 714,857	\$ 94,282	\$ 33,684	\$ 1,372,208
Add (deduct) items not requiring (providing) cash:							
Net amortization of dis- counts, premiums and bond issuance costs ..	114,890		(415)	(250,217)	9,753		(125,989)
Depreciation	1,667						1,667
(Increase) decrease in accrued interest re- ceivable	(12,770)	1,382,557	(79,601)	(68,224)	(227,465)	8,597	1,003,094
Increase (decrease) in accrued interest pay- able		(2,061,250)	291,597	(28,993)	854,146	67,988	(876,512)
Net increase (decrease) in accrued and pre- paid expenses	(151,449)	(264)	3,275	9,147	7,862	1,683	(129,746)
Cash provided (used) by operations	(63,094)	(245,076)	325,792	376,570	738,578	111,952	1,244,722
Transfer from (to) other funds	2,270,366	(2,270,366)					
Mortgages (purchased) sold to other funds	852,780	3,121,413	5,018,042	(1,969,797)	(7,022,438)		
Mortgage principal repayments	12,713	935	5,030	15,639,591	198,323	277,776	16,134,368
Net proceeds from sale of housing mortgage bonds ..					49,154,226		49,154,226
Net proceeds from sale of bond anticipation notes			10,000,300				10,000,300
Increase in notes payable to the State of Alaska					500,000		500,000
Total	<u>3,072,765</u>	<u>606,906</u>	<u>15,349,164</u>	<u>14,046,364</u>	<u>43,568,689</u>	<u>389,728</u>	<u>77,033,616</u>
Uses of cash:							
Increase (decrease) in invest- ments	(324,008)	(51,604,000)	49,300	(6,611,402)	26,401,823		(32,088,287)
Purchase of first mortgage loans	2,879,150	2,221,042	14,437,389	19,772,745	16,756,531	124,200	56,191,057
Payment of housing mort- gage bonds				835,000			835,000
Payment of bond anticipa- tion notes		50,000,000					50,000,000
Payment of State of Alaska notes						279,858	279,858
Other	10,170						10,170
Total	<u>2,565,312</u>	<u>617,042</u>	<u>14,486,689</u>	<u>13,996,343</u>	<u>43,158,354</u>	<u>404,058</u>	<u>75,227,798</u>
Increase (decrease) in cash ..	507,453	(10,136)	862,475	50,021	410,335	(14,330)	1,805,818
Cash balance, beginning of period	203,281	10,136		589,890		281,662	1,084,969
Cash balance, end of period ..	<u>\$ 710,734</u>	<u>—</u>	<u>\$ 862,475</u>	<u>\$ 639,911</u>	<u>\$ 410,335</u>	<u>\$267,332</u>	<u>\$ 2,890,787</u>

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended November 30, 1975				
	Corporation Operating Fund	Housing Mortgage Note Fund	Housing Mortgage Bond Fund	Housing Development Fund	Combined
Sources of cash:					
From operations—					
Revenues over expenses	\$293,271	\$ 1,002,551	\$ 537,465	\$ 48,340	\$ 1,881,627
Add (deduct) items not requiring (providing) cash:					
Net amortization of discounts, premiums and bond issuance costs		(17,977)	(172,552)		(190,529)
Depreciation	746				746
(Increase) decrease in accrued interest receivable	(15,794)	(470,242)	(356,621)	(10,094)	(852,751)
Increase (decrease) in accrued interest payable ..		274,250	1,781,020	(1,379)	2,053,891
Net increase (decrease) in accrued and prepaid expenses	23,340	(5,915)	11,438	(8,962)	19,901
Cash provided by operations	301,563	782,667	1,800,750	27,905	2,912,885
Transfer from (to) other funds	233,329	(84,497)	(25,509)	(123,323)	
Mortgages (purchased) sold to other funds		30,924,711	(30,924,711)		
Mortgage principal repayments	287	9,333,943	7,125,447	87,002	16,546,679
Net proceeds from sale of housing mortgage bonds			46,330,221		46,330,221
Net proceeds from sale of bond anticipation notes		50,000,000			50,000,000
Total	535,179	90,956,824	24,306,198	(8,416)	115,789,785
Uses of cash:					
Increase (decrease) in investments	450,000	30,505,000	9,749,061	(250,000)	40,454,061
Purchase of first mortgage loans		20,160,267	14,974,815	61,885	35,196,967
Home improvement loans	46,500				46,500
Payment of housing mortgage bonds			555,000		555,000
Payment of bond anticipation notes		52,000,000			52,000,000
Payment of State of Alaska notes				154,133	154,133
Other	10,199				10,199
Total	506,699	102,665,267	25,278,876	(33,982)	128,416,860
Increase (decrease) in cash	28,480	(11,708,443)	(972,678)	25,566	(12,627,075)
Cash balance, beginning of period	174,801	11,718,579	1,562,568	256,096	13,712,044
Cash balance, end of period	\$203,281	\$ 10,136	\$ 589,890	\$281,662	\$ 1,084,969

See accompanying notes to financial statements

ALASKA HOUSING FINANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1—Accounting Policies:

The Alaska Housing Finance Corporation (the Corporation) is a tax-exempt public corporation and government instrumentality created by the Alaska Legislature to assist in the financing, development, sale and rental of dwelling units for persons of low and moderate income and for persons in remote, underdeveloped or blighted areas of the State. Generally, this is being accomplished by functioning as a secondary market for qualified real estate loans originated by financial institutions. Significant policies used in the preparation of its financial statements are as follows:

Fund Accounting

The financial activities of the Corporation, which are restricted by the Corporation's Bond Resolutions, Note Resolutions and Housing Development Fund Agreement, are recorded in various specific purpose funds and accounts as specified in such instruments. Financial activities and resulting account balances which are not so restricted are recorded in the Corporation Operating Fund.

Combined Totals

The "Note Funds" and "Bond Funds" columns contain the totals of the similar accounts of such Funds and the "Combined" column contains the total of all Funds of the Corporation. Since the assets of certain of the Funds are restricted by the Resolutions and Housing Development Fund Agreement, the totaling of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the Resolutions and Agreement relating to the separate funds.

Investments

Investments are carried at amortized cost, which approximates market.

Mortgage Loans

Mortgage loans are carried at their unpaid principal balance less net unamortized discount or premium.

Provision for Loan Losses

Provision for loan losses is determined from specific evaluation of delinquencies and charged directly against operations in the period that the loss exposure becomes known.

Amortization and Depreciation

Since December 1, 1976, mortgage discounts and premiums have been amortized on a yield method (sum of the months digits) over the lives of the related loans. In prior years, mortgage discounts and premiums were amortized by the straight-line method, the resulting credit to income is not significantly different under either method.

Discount, premium and issuance expenses on debt are deferred and amortized, on a yield method, over the terms of the related issue.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Estimated useful lives are generally 5 to 20 years.

Note 2—Unamortized Discount and Premium on Mortgages:

The net unamortized discount and premium on mortgages outstanding at November 30, 1977 is composed of the following:

Fund	Mortgage Principal Balance	Net Unamortized Discount	Net
Mortgage Program Note	\$ 11,438,795	\$ (43,412)	\$ 11,395,383
Housing Mortgage Bond	101,341,169	(1,774,261)	99,566,908
Insured Mortgage Bond	133,329,665	(201,711)	133,127,954
Housing Development	2,812,911		2,812,911
	<u>\$248,922,540</u>	<u>\$ (2,019,384)</u>	<u>\$246,903,156</u>

Note 3—Bonds and Notes Payable:

The Act of the Alaska Legislature which created the Corporation authorizes it to issue its own bonds, bond anticipation notes and other obligations in such principal amounts as in the opinion of the Corporation will be necessary to provide sufficient funds for carrying out its purposes. Generally, bond anticipation notes have been issued for the temporary accumulation of mortgage loans while long-term bonds have been issued for permanent mortgage financing. The Corporation's principal programs are its Housing Mortgage Program and Insured Mortgage Program. The principal distinction between the two is that mortgages purchased under the Insured Program are expected to be primarily conventional in nature carrying private mortgage insurance (rather than FHA, VA, etc.) and are also insured under a State Mortgage Insurance Fund described at Note 5.

The Corporation's obligations are not a debt of the State of Alaska and the State is not directly liable thereon. Obligations outstanding at November 30, 1977 and November 30, 1976 were as follows:

	Notes Outstanding	
	November 30, 1977	November 30, 1976
Mortgage program notes, 1976 First Series, 4.25% maturing March 14, 1977, including unamortized premium of \$89		\$ 10,000,089
Mortgage program notes, 1977 First Series, 3.83% maturing March 14, 1978, including unamortized premium of \$273	\$ 25,000,273	
	<u>\$ 25,000,273</u>	<u>\$ 10,000,089</u>

	Original Amount (in 000's)	Bonds Outstanding	
		November 30, 1977	November 30, 1976
<i>Housing Mortgage Program</i>			
1972 Series A, 5.375-7%, maturing serially in annual amounts varying from \$220,000 to \$900,000 from December 1, 1977 through 2002, including unamortized premium of \$7,623 and \$8,117	\$ 13,500	\$ 12,837,623	\$ 13,048,117
1973 Series A, 5.5%-6.75%, maturing serially in annual amounts varying from \$210,000 to \$885,000 from December 1, 1977 through 2002	13,000	12,445,000	12,645,000
1973 Series B, 5.8%-7%, maturing serially in annual amounts varying from \$515,000 to \$1,105,000 from December 1, 1977 through 1989, and \$24,700,000 in term bond due December 1, 2003, including unamortized premiums of \$23,253 and \$24,663	36,000	34,893,253	35,374,663
1975 Series A, 7%-8.75%, maturing serially in annual amounts varying from \$270,000 to \$1,410,000 from December 1, 1977 through 1995, and \$19,445,000 in term bond due December 1, 2005, net of unamortized discount of \$151,768 and \$160,131	35,000	34,508,232	34,839,869

	Original Amount (in 000's)	Bonds Outstanding (Cont'd)	
		November 30, 1977	November 30, 1976
1975 Series B, 6.5%-7.75%, maturing serially in annual amounts varying from \$130,000 to \$470,000 from December 1, 1977 through 1995, and \$6,740,000 in term bonds due December 1, 2005, net of unamortized discount of \$210,965 and \$222,509 ..	\$ 12,000	\$ 11,669,035	\$ 11,777,491
Subtotal	<u>\$109,500</u>	<u>\$106,353,143</u>	<u>\$107,685,140</u>
<i>Insured Mortgage Program:</i>			
1975 First Series, 7.9%-9.0%, maturing serially in annual amounts varying from \$40,000 to \$120,000 from December 1, 1977 through 1990, and \$3,945,000 in term bonds due December 1, 2005, net of unamortized discount of \$45,347 and \$47,669	5,000	4,934,653	4,952,331
1976 First Series, 6.5%-8.0%, maturing serially in annual amounts varying from \$165,000 to \$325,000 from December 1, 1977 through 1986, and \$2,250,000 and \$15,380,000 in term bonds due December 1, 1991 and 2006, respectively, net of unamortized discount of \$281,639 and \$295,409	20,000	19,718,361	19,704,591
1976 Second Series, 5.4%-8.0%, maturing serially in annual amounts varying from \$200,000 to \$390,000 from December 1, 1977 through 1986, and \$2,580,000 and \$19,575,000 in term bonds due December 1, 1991 and 2006, respectively, net of unamortized discount of \$423,664 and \$444,061	25,000	24,576,336	24,555,939
1977 First Series, 5.35%-6.625%, maturing serially in annual amounts varying from \$450,000 to \$960,000 from December 1, 1978 to 1992, and \$24,920,000 in term bonds due December 1, 2007, net of unamortized discount of \$657,500	35,000	34,342,500	
1977 Second Series, 5.20%-6.50%, maturing serially in annual amounts varying from \$595,000 to \$1,355,000 from December 1, 1978 to 1992 and \$33,970,000 in term bonds due December 1, 2007, net of unamortized discount of \$669,301	48,000	47,330,699	
1977 Third Series, 4.85%-6.50%, maturing serially in annual amounts varying from \$450,000 to \$1,225,000 from December 1, 1978 to 1992 and \$27,250,000 in term bonds due December 1, 2007, net of unamortized discount of \$571,292	40,000	39,428,708	
Subtotal	<u>173,000</u>	<u>170,331,257</u>	<u>49,212,861</u>
	<u>\$282,500</u>	<u>\$276,684,400</u>	<u>\$156,898,001</u>

The principal security for the Corporation's outstanding mortgage program notes is the mortgages and investments purchased from note proceeds, including earnings thereon. In order to provide additional protection to holders of the 1977 First Series Notes maturing March 14, 1978, the Corporation entered into an agreement with the State of Alaska which provides that the State will purchase a sufficient amount of mortgages to retire the notes at maturity if other financing is not obtainable and the Corporation's unrestricted funds are insufficient for such purpose.

At November 30, 1976, the Corporation had set aside \$1,330,696 of its Operating Fund Balance in special reserves. The majority of this amount, \$1,000,000, was to be used to pay any losses that might be incurred in the event of a sale of mortgage loans to retire the 1976 First Series Notes. This arrangement expired upon payment of the notes at their maturity. The remaining special reserve of

\$330,696 was removed by action of the Corporation's Board during the year ended November 30, 1977.

The following sources are available and pledged for the payment of Housing Mortgage Bond principal and interest: (1) the proceeds derived from the sale of such bonds, (2) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, (3) all monies and securities of the Reserve Fund held by the Trustee (\$1,999,750 and \$1,400,227 at November 30, 1977 and November 30, 1976, respectively), and (4) a Special Pledged Fund (approximately \$21,439,000 and \$21,870,000 at November 30, 1977 and November 30, 1976, respectively) consisting of first mortgage loans, permitted investments and cash held by the Commissioner of Revenue for the State of Alaska. This latter fund is not reflected in the accompanying financial statements.

The following sources are available and pledged for the payment of Insured Mortgage Bond principal and interest: (1) the repayments from all mortgage loans financed under the program net of service fees and operating expenses of the Corporation, and (2) all monies and securities of the Capital Reserve Fund held by the Trustee (\$17,302,403 of principally U.S. Government obligations at November 30, 1977). This latter fund is required to be maintained at an amount equal to 10% of the outstanding balance of Insured Mortgage Bonds.

The remaining debt service payments on bonds outstanding at November 30, 1977 are as follows:

Housing Mortgage Program

<u>During Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 30, 1978	\$ 1,445,000	\$ 7,129,183	\$ 8,574,183
November 30, 1979	1,550,000	7,021,108	8,571,108
November 30, 1980	1,670,000	6,905,121	8,575,121
November 30, 1981	1,790,000	6,784,434	8,574,434
November 30, 1982	1,925,000	6,656,461	8,581,461
	<u>8,380,000</u>	<u>34,496,307</u>	<u>42,876,307</u>
Thereafter	98,305,000	94,213,961	192,518,961
	<u>106,685,000</u>	<u>128,710,268</u>	<u>235,395,268</u>

Insured Mortgage Program

<u>During Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
November 30, 1978	405,000	6,967,363	7,372,363
November 30, 1979	1,930,000	11,271,142	13,201,142
November 30, 1980	2,135,000	11,138,715	13,273,715
November 30, 1981	2,295,000	10,992,516	13,287,516
November 30, 1982	2,455,000	10,835,267	13,290,267
	<u>9,220,000</u>	<u>51,205,003</u>	<u>60,425,003</u>
Thereafter	163,760,000	181,078,851	344,838,851
	<u>172,980,000</u>	<u>232,283,854</u>	<u>405,263,854</u>
Total	<u>\$279,665,000</u>	<u>\$360,994,122</u>	<u>\$640,659,122</u>

The bonds are subject to certain early redemption provisions at the option of the Corporation.

Note 4—Notes Payable to the State of Alaska:

As part of the Corporation's Housing Development Fund programs, it entered into agreements with the State of Alaska and Alaska State Housing Authority, whereby the Corporation borrowed \$3,900,000 from the State for a term of 36 years at an annual interest rate of 3% which is collateralized by a deed of trust note receivable from the Authority. Concurrently, funds were loaned by the Corporation to the Authority for a term of 36 years at an annual interest rate of 3% for the construction of an apartment building in Juneau, Alaska. No principal reduction is required until September 1, 1978 when the first of 30 equal annual debt service payments of \$198,974 begins.

There is an additional note payable to the State of Alaska under the Housing Development Fund programs in the amount of \$2,901,073 and \$4,774,782 at November 30, 1977 and 1976, respectively, bearing interest at 6% which matures in 2014 and is renewable at the option of the Commissioner of Revenue. Principal reductions are required on these notes until maturity in an amount equal to the principal portion of the loan payments on the mortgage loans assigned as security for the notes.

Under the Insured Mortgage Bond Program, the Corporation is required to maintain a Capital Reserve Fund equal to 10% of the outstanding balance of Insured Mortgage Bonds. In order to fulfill a portion of the requirement, the Corporation borrowed \$12,800,000 from the State with outstanding balances as follows:

Balances at November 30, 1977

1975 First Series	\$ 498,000
1977 First Series	3,500,000
1977 Second Series	4,800,000
1977 Third Series	4,000,000
Total	<u>\$12,798,000</u>

The interest rate on the loans is equal to earnings on the proceeds of such loans deposited in the Capital Reserve Fund with principal reductions pro-rata to those required for the Insured Mortgage Bonds relating to such loans. The principal reduction required for the forthcoming year on December 2, 1977, is \$4,000.

Note 5—State Mortgage Insurance Fund:

In connection with the establishment of the Insured Mortgage Program described at Note 3, an Insurance Fund of the State of Alaska (the Fund) was created for the exclusive purpose of insuring the acquired mortgages. Mortgage loans which may be insured under the program must either have a loan-to-value ratio of less than 80% or be the subject of insurance or guarantee by the FHA, VA or other federal agency or by private mortgage insurance to the extent that such ratio is greater than 80%. The capital of the fund is required to be maintained at an amount equal to the greater of 2% of the unpaid principal amount of all acquired mortgages or a percentage which the Corporation and the State agree is actuarially sound for operation of the Fund. The initial capital requirements associated with the 1975 through 1977 First Series Bonds were partially funded by contributions from the Corporation Operating Fund. The Corporation considered these initial contributions of \$600,000 to be permanent costs of initiating the program and charged such amounts against operations; subsequent contributions of \$175,000 have been capitalized since the ongoing nature of the program is expected to produce a probable likelihood of return. Such return is, however, limited to amounts in excess of the capital requirement described previously and contingent upon that requirement having been continuously met for two consecutive fiscal years preceding the withdrawal.

The Fund is held in trust by a commercial lending institution pursuant to a custody agreement entered into by the State of Alaska and administered by the management of the Corporation. Generally, the Fund's activities through November 30, 1977 have been limited to receipt of capital contributions, premiums and interest on investments. However, the premium charge, originally equal to ½% of the principal amount on each conventional mortgage loan financed under the program, was discontinued January 24, 1977.

A summary of the Fund's financial statements for the two years ended November 30, 1977 follows:

	<u>November 30,</u>	
	<u>1977</u>	<u>1976</u>
ASSETS:		
Cash and short-term investments	\$3,608,133	\$1,000,354
LIABILITIES:		
Deferred premiums	\$ 188,938	\$ 106,086
CAPITAL:		
Contributions from—		
State of Alaska	2,500,000	391,000
Alaska Housing Finance Corporation	775,000	491,000
Retained earnings	<u>144,195</u>	<u>12,268</u>
	<u>\$3,608,133</u>	<u>\$1,000,354</u>
	<u>Year Ended</u> <u>November 30,</u>	
	<u>1977</u>	<u>1976</u>
REVENUES:		
Interest on investments	\$ 107,272	\$ 6,825
Earned premiums	<u>24,935</u>	<u>5,473</u>
	132,207	12,298
	<u>280</u>	<u>30</u>
EXPENSES:		
Net Income	<u>\$ 131,927</u>	<u>\$ 12,268</u>

The Fund has not recorded any provision for loan losses since no losses have presently been experienced and an inadequate history exists within the State to form a credible basis for future loss projections. However, it is the opinion of management of the Corporation that such losses, if any, will be minimal in view of the traditional economic strength of the Alaska housing market and the previously described loan-to-value criteria which must be met by eligible loans in the Insured Mortgage Program.

Note 6—Commitments:

At November 30, 1977 the Corporation had commitments to purchase first mortgage loans of approximately \$28,129,000. Additionally, in connection with potential future bond offerings under the Insured Mortgage Program, the Corporation has authorized the funding of up to \$825,000 of any capital requirement of the Insurance Fund (see Note 5) from the unrestricted fund balance of the Corporation Operating Fund should such funds not be appropriated by the Alaska Legislature.

The Corporation leases its office facilities and certain equipment for periods expiring between July, 1979 and October, 1980 with annual rental payments of approximately \$56,000 in 1978 and decreasing to \$11,000 by 1980. The Corporation is also obligated for a pro-rata portion of any increase in property taxes paid by the lessor.

Introduced: 2/24/78
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

HOUSE BILL NO. 861

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Alaska
7 Housing Finance Corporation; and providing for an
8 effective date."

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

10 * Section 1. The sum of \$1,440,000 is appropriated from the general fund
11 to the mortgage insurance fund of the Alaska Housing Finance Corporation for
12 the period beginning July 1, 1978 and ending December 31, 1979 to be paid to
13 the mortgage insurance fund in the amounts requested by the corporation as
14 necessary in connection with the issuance of insured mortgage program bonds
15 of the corporation.

16 * Sec. 2. The sum of \$1,440,000 is appropriated from the general fund to
17 the mortgage insurance fund of the Alaska Housing Finance Corporation for
18 the period beginning July 1, 1978 and ending December 31, 1979 to be paid
19 to the mortgage insurance fund in the amounts requested by the corporation
20 as necessary in connection with the issuance of insured mortgage program
21 bonds of the corporation. The appropriation made in this section is expres-
22 sly conditioned upon design and commencement by the Alaska Housing Finance
23 Corporation of a direct loan program in the rural areas and certification by
24 the Legislative Budget and Audit Committee that an adequate direct loan
25 program has been designed and that satisfactory commencement of the direct
26 loan program has occurred.

27 * Sec. 3. The sum of \$3,000,000 is appropriated from the general fund to
28 the housing development fund of the Alaska Housing Finance Corporation to be
29 used only for the making of direct mortgage and construction loans in the

1 rural areas of the state.

2 * Sec. 4. This Act takes effect July 1, 1978.

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