

SCOMM

#50:36

SECTIONAL ANALYSIS OF THE ALASKA STUDENT LOAN CORPORATION

\*Section 1.

Sec. 14.42.100. ALASKA STUDENT LOAN CORPORATION. This paragraph creates the Alaska Student Loan Corporation. The corporation cannot be terminated while debt obligations are outstanding.

Sec. 14.42.110 PURPOSE OF CORPORATION. This paragraph establishes the purpose of the corporation to provide higher education opportunities for residents of Alaska.

Sec. 14.42.120. CORPORATION GOVERNING BODY. The Corporation shall be governed by an executive committee of five members made up from the thirteen members of the Alaska Commission on Postsecondary Education Board. The board members are made up of one member of the State Board of Education and four members are from the rest of the board excluding the two legislative members. Board members shall receive travel and per diem.

Sec. 14.42.130. MEETING OF THE BOARD. A majority of the board constitutes a quorum for the organization. The board meetings may be conducted by electronic media. Any board meeting where bonds are authorized shall have a twenty-four hour notice.

Sec. 14.42.140. MINUTES OF MEETINGS. The board shall keep minutes of every meeting and shall send copies to the governor and legislative audit committee.

Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board may pass by-laws and manage the affairs of the corporation and delegate supervision of the executive director.

Sec. 14.42.160. EXECUTIVE DIRECTOR. The corporation shall employ an executive director who is the executive director of the Commission on Postsecondary Education.

Sec. 14.42.170. EMPLOYMENT OF PERSONNEL. The executive director may hire employees in the exempt service. The board may appoint other officers and engage professionals.

Sec. 14.41.190. EXECUTIVE BUDGET ACT. The operating budget of the corporation is subject to the Executive Budget Act.

Sec. 14.41.200. EXECUTIVE POWERS. The corporation has the powers to sue and be sued, adopt an official seal, adopt bylaws, employ consultants, enter into contracts, receive and administer gifts or grants according to the terms and conditions of gift or grant, acquire an interest in real property, borrow money, pay finance charges and interest, invest money, collect from borrowers, gather information on loans, require an eligible institution to file

reports, service student loans, obtain information about students applying for loans, make or participate in making student loans, contract for purchase of student loans for sale, sell student loans, collect and pay reasonable fees as well as charges in connection with student loans, enter into agreements on student loans concerning federal student loans, enter into contracts with lenders about contracts on student loans, enter into contracts with institutions on student loans, administer federal money, consent to the modification of terms of the student loans, procure insurance against losses, provide advisory services to borrowers, do all acts necessary to carry out the powers implied in this chapter.

Sec. 14.42.210. STUDENT LOAN FUND. Creates a student loan fund inside the corporation to make student loans and secure bond issues the proceeds of which are used to make student loans.

Sec. 14.42.220. BONDS OF THE CORPORATION. The Corporation may borrow money and issue bonds secured by the income and receipts from student loans and other assets. The bonds are issued by resolutions. Each bond issue shall have a maturity of twenty years or less and be subject to the Uniform Commercial Code. The corporation cannot issue an amount of bonds more than \$45 million a year. The corporation may enter into trust agreements to secure bond issues and create covenants as to investments, collections of loan payments, assignment of corporation interest, in terms and conditions under which additional bonds may be issued. The trustee shall be given the right to enforce these rights on behalf of the bond holders.

Sec. 14.42.240. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND REQUIREMENTS. This section creates the Capital Reserve Fund. These paragraphs create what is commonly known as the moral obligation of the State to repay these bonds.

Sec. 14.42.250. VALIDITY OF PLEDGE. Bonds issued under this chapter shall be valid and binding against all parties having claim of any kind from the corporation.

Sec. 14.42.260. NONLIABILITY OF BONDS. Members of the corporation are not subject to personal liability for issuance of the bonds. The bonds issued do not constitute liability for the State but are payable solely from the income and receipts of the corporation.

Sec. 14.42.270. PLEDGE OF STATE. The State pledges not to alter or limit the rights of bond holders interest when the bonds are outstanding.

Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal property of the corporation are not subject to state or local tax.

Sec. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. Bonds are legal investments for all fiduciaries and municipalities in the State.

Sec. 14.42.310. OPERATION OF CERTAIN STATUTES EXCEPTED. The corporation may not be considered or constitute a political subdivision for the purpose of lending it's credit. The corporation is not considered a municipal corporation under Title 29. The funds and real estate of the corporation are not considered property of the State.

Sec. 14.42.320. ANNUAL AUDIT. The coporation shall have an annual audit.

\*Section 2.

Scholarship loans may not be made to students who attend an institution where the default rate on loans made to students to attend the institution exceeds the program default rate by more than 150%.

\*Section 3.

This Act has an immediate effect date.

IN THE \_\_\_\_\_

BY \_\_\_\_\_

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA  
FOURTEENTH LEGISLATURE - SECOND SESSION

A BILL

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

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

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

ARTICLE 2. ALASKA STUDENT LOAN CORPORATION

Sec. 14.42.100. CREATION OF ALASKA STUDENT LOAN CORPORATION. There is created the Alaska Student Loan Corporation. The corporation is a public corporation and government instrumentality within the Department of Education but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes or other obligations outstanding. Upon termination of the corporation, its rights and property pass to the state.

Sec. 14.42.110. PURPOSE OF CORPORATION. The purpose of the corporation is to improve higher educational opportunities of residents of Alaska in accordance with the provisions of this chapter.

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

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

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

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

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

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

(c) A meeting by electronic media as provided in this

section has the same legal effect as a meeting in person.

(d) For purposes of AS 14.42.100 - 14.42.310, public notice of 24 hours or more is adequate notice of a meeting of the board at which the issuance of corporation bonds is authorized.

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

Sec. 14.42.150. ADMINISTRATION OF AFFAIRS. The board shall manage the assets and business of the corporation and may prescribe, amend and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised in accordance with the administrative procedures act AS 44-160. The board shall delegate supervision of the administration of the corporation to the executive director of the corporation.

Sec. 14.42.160. EXECUTIVE DIRECTOR. The corporation shall employ an executive director, who may not be a member of the board. The executive director shall be the executive director of the Commission on Postsecondary Education appointed under AS 4:42.040a.

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

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

Sec. 14.42.200. EXECUTIVE POWERS. In addition to other powers granted in this chapter, the corporation may

- (1) sue and be sued in its own name;
- (2) adopt an official seal;
- (3) adopt bylaws for the regulation of its affairs and the conduct of its business;

- (4) employ fiscal consultants, attorneys, and such other consultants and employees as may be required in the judgment of the corporation, and fix and pay their compensation from money available to the corporation;

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

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

- (7) acquire real property, or any interest in real property, in its own name, by purchase, transfer or foreclosure, when the acquisition is necessary or appropriate to protect any loan in which the corporation has an interest; sell, transfer and convey any such property to a buyer; and, if the sale, transfer or

conveyance cannot be effected with reasonable promptness or at a reasonable price, rent or lease the property to a tenant pending the sale, transfer or conveyance;

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

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

(10) invest or reinvest, subject to its contracts with noteholders and bondholders, any money or funds held by the corporation in any obligations or other securities authorized under AS 37:10:070.

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

(12) gather information on loans available to residents of Alaska attending or planning to attend an eligible institution and disseminate the information to reasonably assure that qualified students are aware of financial resources available to those attending or desiring to attend an eligible institution;

(13) require an eligible institution or eligible lender to file reports with the corporation as the corporation considers necessary for the effective performance of its duties and publish the information from the reports or other sources as the corporation considers necessary;

(14) service student loans held by the corporation;

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

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

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

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

(19) collect and pay reasonable fees and charges in connection with the purchase, sale, and servicing of student loans;

(20) enter into agreements with the federal government (including guaranty agreements and supplemental guaranty agreements as described in the United States Higher Education Act of 1965) as necessary to provide for the receipt by the corporation of administrative allowances and other benefits available under the United States Higher Education Act of 1965;

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

(22) enter into contracts with institutions upon the terms and conditions agreed upon between the corporation and the

institutions, which terms and conditions may reflect the requirements of the United States Higher Education Act of 1965;

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

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

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

(26) provide advisory services to borrowers and other participants in the corporation's programs under this chapter;

(27) do all acts and things necessary, convenient or desirable to carry out the powers expressly granted or necessarily implied in this chapter.

(28) Sec. 14.42.210. STUDENT LOAN FUND. (a) The student loan fund is established in the corporation. The student loan fund is a trust fund for the uses and purposes of AS 14.42.010-310. The student loan fund consists of money or assets appropriated or transferred to the corporation and other money or assets deposited in it by the corporation.

(b) Money and other assets of the student loan fund may be used to secure bonds of the corporation in the types of investments under AS 37.100.070 A or shall be used to make or purchase loans approved under AS.14.43.090-160.

Sec. 14.42.220. BONDS OF THE CORPORATION. (a) Subject to (g) of this section, the corporation may borrow money and may issue bonds, including but not limited to bonds on which the principal and interest are payable, (1) exclusively from the income and receipts or other money derived from the loans financed with the proceeds of the bonds, (2) exclusively from the income and receipts or other money derived from designated loans whether or not they are financed in whole or in part with the proceeds of the bonds, or (3) from its income and receipts or other assets generally, or a designated part or parts of them.

(b) Bonds shall be authorized by resolution of the authority, and be dated and shall mature more than 20 years from the date of its issue. Bonds shall bear interest at the rate or rates, be in the denominations, be in the form, either coupon or registered, carry the registration privileges, be executed in the manner, be payable in the medium of payment, at the place or places, and be subject to the terms of redemption which the resolution or a subsequent resolution may provide.

(c) All bonds, regardless of form or character, shall be negotiable instruments for all the purposes of the Uniform Commercial Code.

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

(e) Before the issuance of any bonds, the corporation shall make provision by agreement or otherwise at least sufficient in the judgment of the corporation to pay the principal of and interest on the bonds as they become due and to create and maintain the reserves therefor as the corporation considers necessary or

desirable and to meet all obligations in connection with the agreement and all costs necessary to service the bonds unless the agreement provides that the obligations are to be met or costs are to be paid by a party other than the corporation.

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

(g) The corporation may not issue bonds during any fiscal year in an amount greater than \$100,000,000 unless the legislature, by law, approves issuance of a greater amount..

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

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

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

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

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

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

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

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

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

SEC. 14.42.240. CAPITAL RESERVE FUNDS AND CAPITAL RESERVE FUND REQUIREMENTS. (a) For the purpose of securing one or more issues of its bonds, the corporation may establish one or more

special funds, called "capital reserve funds", and shall pay into those capital reserve funds the proceeds of the sale of its bonds and other moneys which may be made available to the corporation from other sources for the purposes of the capital reserve funds. A capital reserve fund may be established only if the corporation determines that the establishment of the fund would enhance the marketability of the bonds. Money in a capital reserve fund, except as provided in this section, may be used as required only for (1) the payment of the principal of, and interest on, bonds or of the sinking fund payments with respect to those bonds; (2) the purchase or redemption of the bonds, or (3) the payment of a redemption premium required to be paid when the bonds are redeemed before maturity. However, money in a capital reserve fund may not be withdrawn if the withdrawal would reduce the amount in the capital reserve fund to less than the capital reserve fund requirement, except for the purpose of making payment, when due, of principal, interest redemption premiums on the bonds, and sinking fund payments when other money of the corporation is not available for the payments. Income or interest earned by, or increment to, a capital reserve fund, from the investment of all or part of the fund, may be transferred by the corporation to other funds or accounts of the corporation if the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

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

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

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

(e) In this section, "capital reserve fund requirement" means the amount required to be on deposit in the capital reserve fund as of the date of computation as determined by resolution of the corporation.

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

money which may be made available from any other source. A reserve fund established under this subsection must comply with (a) - 9c) of this section. The corporation may allow a reserve fund established under this subsection to be depleted without complying with (d) of this section.

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

Sec. 14.42.260. NONLIABILITY ON BONDS. (a) Neither the members of the corporation nor a person executing the bonds are liable personally on the bonds or are subject to personnel liability or accountability by reason of the issuance of the bonds.

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

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

Sec. 14.42.280. EXEMPTION FROM TAXATION. The real and personal property of this corporation and its assets, income and receipts are declared to be the property of a political subdivision of the state and devoted to an essential public and governmental function and purpose, and the property, assets income, receipts, and other interests of the corporation shall be exempt from all taxes and special assessments of the state or a political subdivision of the state, including, without limitation, all boroughs, cities, municipalities, school districts, public utility districts and other

taxing units. All bonds of the corporation are declared to be issued by a political subdivision of the state and for an essential public and governmental purpose and to be a public instrumentality, and the bonds, and the interest on them, the income from them and the transfer of the bonds, and all assets, income and receipts pledged to pay or secure the payment of the bonds, or interest on them, shall at all times be exempt from taxation by or under the authority of the state, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death. Nothing in this section affects or limits an exemption from license fees, property taxes, or excise, income or any other taxes provided under any other law, nor does it create a tax exemption with respect to the interest of any business enterprise or other person, other than the corporation, in any property, assets, income, receipts, or other interests.

SEC. 14.42.290. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES.

The bonds of the corporation are securities in which all public officers and bodies of the state and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks, savings associations, including savings and loans associations and building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds including any other provisions of law, the bonds of the corporation are also securities which may be deposited with and may be received by all public officers and bodies of this state and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized.

Sec. 14.42.310. OPERATION OF CERTAIN STATUTES EXCEPTED.

(a) The corporation shall not be considered or constitute (1) a political subdivision of the state as the term is used in AS 37.10.085, (2) a municipal corporation or political subdivision of the state as the terms are used in AS 29, or (3) except as provided in AS 14.42.330, a state agency as the term is used in AS 37, but for all other purposes the corporation constitutes a political subdivision and an instrumentality of the state as provided in this chapter.

(b) The funds, income or receipts of the corporation shall not be considered or constitute money of the state, nor shall real property in which the corporation has an interest be considered land owned in fee by the state or to which the state may become entitled or in any way lands belonging to the state, or state lands referred to in Art. VIII of the Alaska Constitution.

Sec. 14.42.320. ANNUAL AUDIT. The corporation shall have its financial records audited annually by the legislative auditor or by a certified public accountant approved by the legislative auditor. The legislative auditor may prescribe the form and content of the financial records of the corporation and shall have access to

these records at any time.

Sec. 14.42.330. OPERATING BUDGET. The operating budget of the corporation is subject to the Executive Budget Act (AS 37.07).

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

- (d) scholarship loans may not be made to a student
- (1) for more than five years of undergraduate study;
  - (2) for more than five years of graduate study;
  - (3) for more than a total of eight years of undergraduate and graduate study;
  - (4) to attend an institution for which the default rate on loans made to students to attend the institution exceeds the program default rate by more than 150%.

Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

April 24, 1986

Senator Frank Ferguson  
State of Alaska  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Ferguson:

We have run several different scenarios as to the level of bonds that can be financed on a sustained basis versus the terms on the loans and have found the following results:

Leaving the Student Loan Program exactly like it is with a 5% interest rate and forgiveness clause allows us to sell \$40 million worth of bonds per year on a sustained basis assuming there are \$80 million in loans to be funded each year.

If the interest rate is raised from 5% to 8%, \$45 million of bonds can be sold with a \$35 million equity contribution to the general fund.

If the state abolishes forgiveness on the student loans, the ratio is \$48 million of bonds and \$32 million of appropriation.

If the state abolishes both the forgiveness clause and charge 8%, \$55 million in bonds could be financed with a \$25 million general fund contribution.

Yours Truly,

JOHN NUVEEN & CO. INCORPORATED

Sterling Gallagher  
Vice President

ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
 ALASKA STUDENT LOAN PROGRAM  
 ANALYSIS OF LOAN REPAYMENT

YEAR ENDING 6/30	VOLUME OF STUDENT LOANS MADE	LOANS BEGINNING REPAYMENT	CUMULATIVE LOANS IN REPAYMENT	UNADJUSTED REPAYMENT CASH FLOW	REPAYMENT ADJUSTED FOR DEFAULTS	LESS: LOANS FORGIVEN	NET LOAN COLLECTIONS
1972	1,603,158	0	0	0	0	0	0
1973	2,870,384	0	0	0	0	0	0
1974	2,986,176	240,474	240,474	31,142	26,471	4,632	21,839
1975	2,659,807	783,252	1,023,726	132,577	112,691	19,721	92,970
1976	3,382,997	1,640,516	2,664,242	345,032	293,277	51,323	241,953
1977	3,850,507	2,397,227	5,061,470	655,483	557,161	97,503	459,658
1978	4,604,167	2,820,707	7,882,177	1,020,778	867,661	151,841	715,821
1979	6,416,402	3,055,447	10,937,624	1,416,472	1,204,001	210,700	993,301
1980	9,373,949	3,487,061	14,424,685	1,868,063	1,587,853	277,874	1,309,979
1981	15,957,717	4,226,198	18,650,883	2,415,375	2,053,068	359,287	1,693,782
1982	40,559,499	5,460,112	24,110,995	3,122,484	2,654,112	464,470	2,189,642
1983	55,007,395	7,928,727	32,039,722	4,149,291	3,526,897	617,207	2,909,690
1984	62,912,316	14,530,168	46,329,416	5,999,871	5,099,891	892,481	4,207,410
1985	75,075,883	25,140,833	70,686,997	9,154,289	7,781,146	1,361,701	6,419,445
1986	80,675,498	39,682,445	108,728,925	14,080,893	11,968,759	2,094,533	9,874,226
1987	0	53,857,540	160,189,238	20,745,239	17,633,453	3,085,854	14,547,599
1988	0	64,536,012	221,904,542	28,737,653	24,427,005	4,274,726	20,152,279
1989	0	60,798,315	279,647,410	36,215,619	30,783,276	5,387,073	25,396,203
1990	0	48,248,123	324,408,472	42,012,381	35,710,524	6,249,342	29,461,182
1991	0	21,953,895	342,136,169	44,308,199	37,661,969	6,590,845	31,071,125
1992	0	5,535,293	342,211,350	44,317,935	37,670,245	6,592,293	31,077,952
1993	0	1,613,510	335,896,133	43,500,086	36,975,073	6,470,638	30,504,435
1994	0	0	321,365,965	41,618,363	35,375,608	6,190,731	29,184,877
1995	0	0	296,225,132	38,362,510	32,608,133	5,706,423	26,901,710
1996	0	0	256,542,687	33,223,452	28,239,934	4,941,988	23,297,945
1997	0	0	202,685,148	26,248,654	22,311,356	3,904,487	18,406,869
1998	0	0	138,149,136	17,890,945	15,207,303	2,661,278	12,546,025
1999	0	0	77,350,821	10,017,285	8,514,692	1,490,071	7,024,621
2000	0	0	29,102,698	3,768,932	3,203,593	560,629	2,642,964
2001	0	0	7,148,803	925,803	786,932	137,713	649,219
2002	0	0	1,613,510	208,957	177,613	31,082	146,531
2003	0	0	0	0	0	0	0
	367,935,855	367,935,855	3,679,358,550	476,493,765	405,019,700	70,878,448	334,141,253

TIMING OF FIRST LOAN REPAYMENT:

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

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

YEAR ENDING 6/30	NEW BOND LOANS MADE	EQUITY & RECYCLED LOANS MADE	COLLECTIONS ON PRIOR LOANS †	COLLECTIONS ON NEW BOND LOANS ††	COLLECTIONS ON EQUITY LOANS ††	OUTSTANDING PRINCIPAL	INTEREST	PRINCIPAL RETIREMENT	ENDING PRINCIPAL BALANCE
1987	45,000,000	37,912,599	14,547,599	0	0	45,000,000	4,500,000	7,135,000	37,865,000
1988	45,000,000	39,030,779	20,152,279	0	0	82,065,000	8,286,500	7,835,000	75,030,000
1989	45,000,000	40,342,944	25,396,203	705,422	594,319	120,030,000	12,003,000	9,350,000	110,680,000
1990	45,000,000	41,801,480	29,461,182	2,445,462	2,077,836	155,680,000	15,568,000	11,615,000	144,065,000
1991	45,000,000	43,300,487	31,071,125	5,831,487	4,994,376	189,065,000	18,906,500	14,610,000	174,455,000
1992	45,000,000	45,024,450	31,077,952	10,205,102	8,836,896	219,455,000	21,945,500	18,150,000	201,305,000
1993	45,000,000	46,646,137	30,504,435	14,813,857	13,008,343	246,305,000	24,630,500	22,030,000	224,275,000
1994	45,000,000	48,223,146	29,184,877	19,516,669	17,409,100	269,275,000	26,927,500	25,960,000	243,315,000
1995	45,000,000	49,622,038	26,901,710	24,219,481	21,972,348	288,315,000	28,831,500	29,640,000	258,675,000
1996	45,000,000	50,785,635	23,297,945	28,922,293	26,702,897	303,675,000	30,367,500	32,770,000	270,905,000
1997	45,000,000	51,790,074	18,406,069	33,625,104	31,598,601	315,905,000	31,590,500	35,310,000	280,595,000
1998	45,000,000	52,509,021	12,546,025	38,327,914	36,649,579	325,595,000	32,559,500	37,455,000	288,140,000
1999	45,000,000	53,121,077	7,024,621	42,325,306	41,245,149	333,140,000	33,314,000	39,160,000	293,980,000
2000	45,000,000	53,603,318	2,642,964	45,288,078	45,070,276	338,980,000	33,898,000	40,500,000	298,480,000
2001	45,000,000	53,966,614	449,219	46,604,865	47,560,530	343,480,000	34,348,000	41,500,000	301,980,000
2002	45,000,000	54,257,251	146,531	46,934,062	49,204,658	346,980,000	34,698,000	42,330,000	304,650,000
2003	45,000,000	54,526,608	0	47,028,118	50,583,490	349,650,000	34,965,000	43,120,000	306,530,000
2004	45,000,000	54,763,157	0	47,028,118	51,783,039	351,530,000	35,153,000	43,895,000	307,635,000
2005	45,000,000	54,979,318	0	47,028,118	52,859,700	352,635,000	35,263,500	44,645,000	307,990,000
2006	45,000,000	55,170,480	0	47,028,118	53,801,362	352,990,000	35,299,000	45,360,000	307,630,000
2007	45,000,000	55,330,953	0	47,028,118	54,605,835	352,630,000	35,263,000	46,040,000	306,590,000
2008	45,000,000	55,463,959	0	47,028,118	55,279,841	351,590,000	35,159,000	46,685,000	304,905,000
2009	45,000,000	55,574,578	0	47,028,118	55,836,940	349,905,000	34,990,500	47,300,000	302,605,000
2010	45,000,000	55,667,252	0	47,028,118	56,294,634	347,605,000	34,760,500	47,895,000	299,710,000

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

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

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

YEAR ENDING 6/30	NEW BOND LOANS MADE	EQUITY & RECYCLED LOANS MADE	COLLECTIONS ON PRIOR LOANS *	COLLECTIONS ON NEW BOND LOANS **	COLLECTIONS ON EQUITY LOANS **	OUTSTANDING PRINCIPAL	INTEREST	PRINCIPAL RETIREMENT	ENDING PRINCIPAL BALANCE
1987	40,000,000	42,912,599	14,547,599	0	0	40,000,000	4,000,000	7,635,000	32,365,000
1988	40,000,000	44,030,779	20,152,279	0	0	72,365,000	7,236,500	8,885,000	63,480,000
1989	40,000,000	45,307,660	25,396,203	544,890	584,567	103,480,000	10,348,000	10,870,000	92,610,000
1990	40,000,000	46,680,866	29,461,182	1,888,954	2,041,730	132,610,000	13,261,000	13,450,000	119,160,000
1991	40,000,000	48,097,170	31,071,125	4,504,428	4,902,617	159,160,000	15,916,000	16,465,000	142,695,000
1992	40,000,000	49,527,857	31,077,952	7,882,749	8,661,656	182,695,000	18,269,500	19,825,000	162,870,000
1993	40,000,000	50,934,326	30,504,435	11,442,700	12,724,191	202,870,000	20,287,000	23,450,000	179,420,000
1994	40,000,000	52,253,711	29,184,877	15,075,304	16,985,530	219,420,000	21,942,000	27,050,000	192,370,000
1995	40,000,000	53,401,266	26,901,710	18,707,907	21,373,648	232,370,000	23,237,000	30,345,000	202,025,000
1996	40,000,000	54,309,836	23,297,945	22,340,510	25,888,880	242,025,000	24,202,500	33,015,000	209,010,000
1997	40,000,000	54,986,002	18,406,869	25,973,114	30,527,019	249,010,000	24,901,000	35,020,000	213,990,000
1998	40,000,000	55,486,034	12,546,025	29,605,717	35,278,292	253,990,000	25,399,000	36,545,000	217,445,000
1999	40,000,000	55,856,535	7,024,621	32,693,430	39,542,984	257,445,000	25,744,500	37,660,000	219,785,000
2000	40,000,000	56,131,143	2,642,964	34,981,970	43,014,710	259,785,000	25,978,500	38,530,000	221,255,000
2001	40,000,000	56,361,994	649,219	35,999,099	45,144,176	261,255,000	26,125,500	39,305,000	221,950,000
2002	40,000,000	56,566,545	146,531	36,253,381	46,421,632	261,950,000	26,195,000	40,060,000	221,890,000
2003	40,000,000	56,752,291	0	36,326,033	47,430,258	261,890,000	26,189,000	40,815,000	221,075,000
2004	40,000,000	56,920,303	0	36,326,033	48,266,769	261,075,000	26,107,500	41,565,000	219,510,000
2005	40,000,000	57,068,318	0	36,326,033	48,998,285	259,510,000	25,951,000	42,305,000	217,205,000
2006	40,000,000	57,192,045	0	36,326,033	49,621,511	257,205,000	25,720,500	43,035,000	214,170,000
2007	40,000,000	57,297,588	0	36,326,033	50,138,555	254,170,000	25,417,000	43,750,000	210,420,000
2008	40,000,000	57,381,372	0	36,326,033	50,557,339	250,420,000	25,042,000	44,460,000	205,960,000
2009	40,000,000	57,446,204	0	36,326,033	50,891,171	245,960,000	24,596,000	45,175,000	200,785,000
2010	40,000,000	57,499,011	0	36,326,033	51,156,477	240,785,000	24,078,500	45,905,000	194,880,000

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

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