



LAWS OF ALASKA

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Chapter No.

143

AN ACT

Relating to planning for and development of the new Alaska capital, including incorporation of a new capital city; and providing for an effective date.

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

* Section 1. AS 44 is amended by adding a new chapter to read:

CHAPTER 63. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION.

ARTICLE 1. FINDINGS.

Sec. 44.63.010. FINDINGS. (a) The legislature finds that it is in the best interests of the state to create a new capital city and a public corporation with the powers set out in this chapter to assure that

(1) the necessary governmental facilities at the new capital city area are constructed in a manner and in time to assure the efficient and orderly operation of state government;

(2) the necessary housing for the residents of the new capital city area is available on a basis consistent with the schedule for transfer of the departments of government;

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

(4) due consideration is given to the social, economic and environmental aspects of the new capital city which affect the Matanuska-Susitna Borough and to the

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social, economic and environmental conditions to prevail within the capital city area;

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

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

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

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

(3) provide a means for funding the administrative and capital costs associated with development of the new capital through appropriations from the general fund to the capital city revolving loan fund created in sec. 170 of this chapter;

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

ARTICLE 2. ESTABLISHMENT OF CORPORATION; POWERS.

Sec. 44.63.020. ALASKA CAPITAL CITY DEVELOPMENT CORPORATION. There is created the Alaska Capital City Development Corporation. The corporation is a public corporation and governmental instrumentality of the state within the Department of Community and Regional Affairs but has a legal existence independent of and separate from the state. The exercise by the corporation of the powers conferred by this chapter is considered an essential governmental function of the state.

Sec. 44.63.030. BOARD OF DIRECTORS. (a) The corporation is governed by a board of directors which consists of 11 members: the commissioner of community and regional affairs, the mayor of the new capital city and the mayor of the Matanuska-Susitna Borough or their designees, who serve as directors ex officio with voting privileges, and eight directors appointed by the governor and confirmed by a majority of the members of the legislature in joint session. The governor shall appoint the eight directors within 60 days after the effective date of this Act. The governor shall appoint one director to serve until the mayor of the new capital city is elected in accordance with AS 29.18.570. No more than three of the appointed

directors may be full-time elected or appointed employees or officials of the state or of any municipality. No state legislator may be appointed or serve.

(b) The governor shall appoint directors with due regard to their expertise and experience in areas relevant to public and private planning, development, finance, marketing, the general public interest and state and municipal government. The appointed directors shall be residents and qualified voters of the state. The appointed directors serve at the pleasure of the governor.

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

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

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

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

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

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

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

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

(c) The executive director, with the approval of and in accordance with rules promulgated by the board of directors, may employ additional staff, and may retain others

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considered necessary or appropriate to carry out the purposes of the corporation.

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

(e) Consultants and contractors shall be hired in accordance with the provisions of AS 36.10.010.

Sec. 44.63.080. OTHER EMPLOYMENT OF DIRECTORS PERMITTED. A director may hold any position of public or private employment, except as provided in sec. 30(a) of this chapter, while serving on the board of directors.

Sec. 44.63.090. MEETINGS. (a) Meetings of the board of directors are governed by the provisions of AS 44.62.310 and 44.62.312; in all other respects the Administrative Procedure Act (AS 44.62) applies to this chapter.

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

Sec. 44.63.100. REGULATIONS. (a) The board may adopt, amend and repeal regulations in accordance with AS 44.62.

(b) The board shall make available to members of the public copies of the corporation's regulations and shall file copies of the regulations in the office of the lieutenant governor within 10 days following any action taken on the regulations.

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

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

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

(c) In appointing the members of the advisory board, the board of directors shall consider representation of the interests of municipalities of the state, other public and private interests, state agencies, and public or private organizations, groups or entities which the board of directors considers to be significantly affected by the relocation of the capital of the state.

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

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

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

- (1) sue and be sued;
- (2) adopt and alter an official seal;
- (3) adopt, amend or repeal bylaws and procedures for the development of its programs, operations, properties and facilities;
- (4) enter into contracts and other instruments necessary or convenient for the exercise of its powers under this chapter;
- (5) acquire, hold, use, lease, mortgage, sell or otherwise encumber or dispose of property of any kind, real, personal or mixed, or any interest in it in the capital city area;
- (6) establish terms and conditions for the acquisition or disposal of its property;
- (7) prepare or contract for the preparation of studies, analyses, specifications, designs and estimates of cost for the construction, development, reconstruction or improvement of any property within the capital city area;
- (8) manage or contract for the management of all or any part of a development program or programs in the capital city area;
- (9) open streets and other public rights-of-way and provide for facilities or services in connection with any development program;
- (10) charge and collect fees and charges for the use of facilities or services, and cause the fees and charges to become a lien on and run with the land and bind all future owners of the land by means of covenants affecting the property which are recorded in the appropriate recording district; the covenants may also provide that taxes imposed by a municipality can be credited against the fees and charges to the extent and upon any terms that are set out in the covenants;
- (11) adopt or impose land use and building restrictions, architectural, design, and land use controls through covenants, declarations, or otherwise in furtherance of the purpose of this chapter on any real property owned by the corporation; include the restrictions or controls in contracts, conveyances and agreements; and cause the restrictions and controls, covenants or declarations to run with the land and bind all future owners of the land by filing them for record in the appropriate recording district subject to AS 29.18.580;

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(12) plan, finance, develop, acquire, construct, reconstruct, improve, operate, maintain, sell or otherwise dispose of structures, appurtenances, systems and facilities in the capital city area under contractual or other arrangements in connection with any specific development plan, or with the purposes of this chapter;

(13) survey the real property within the capital city area; undertake geological, environmental and other similar studies and analyses of the property; and gather and disseminate all relevant information pertaining to the suitability of any portion of the capital city area for various land uses;

(14) make contracts, incur liabilities, and borrow money from the capital city revolving loan fund, and through general obligation bonds and revenue bonds issued on behalf of the corporation by the state bond committee;

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

(16) accept gifts or grants from any source subject to AS 37.07;

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

(18) enter into agreements to pay annual sums in lieu of taxes to a municipality in respect of any real property which is owned by the corporation and which is exempt from taxation under this chapter; and

(19) do any and all things necessary and proper to carry out the purposes of this chapter and exercise the powers granted in this chapter.

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

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

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

(2) a statement of the projected cost, number, nature and generalized locations of facilities, including but not limited to, governmental and institutional facilities relating to the functioning of the capital city area as the new capital of the state, public transportation and

major arterial street systems, parks and recreational facilities, water, sewer and drainage systems, electric, telephone and other energy or communications systems or utilities, and health, educational and community facilities, and a statement of the method and approximate time period by which the facilities described in this paragraph are to be provided;

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

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

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

(b) The general development plan shall include a determination of the minimum acreage of land to be allocated for the location and construction of state offices and related state facilities; and the minimum acreage of land to be set aside and allocated for parks, lakes, recreation and open space use, with facilities necessary for their use and enjoyment, which, when developed, shall be accessible to the general public for its use and enjoyment. The provisions of the general development plan described in this subsection may not be amended.

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

(d) Following the completion of public hearings, the board of directors shall adopt the general development plan, which may be approved, with or without amendment, by at least two-thirds vote of the full membership of the board and upon a finding that the general development plan is in accordance with and furthers the purposes of this chapter. The general development plan becomes effective only after review and comment by the assembly of the Matanuska-Susitna Borough. Comment from the assembly must be submitted within 60 days of submission of the plan to the assembly.

(e) Amendments to the general development plan may be proposed by the assembly of the Matanuska-Susitna Borough.

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

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- (1) a description of the area to be developed;
- (2) a detailed and specific statement of the proposed uses within the area to be developed, including proposed general locations of all buildings and structures;
- (3) a general description of the land use restrictions or covenants to be placed on the area to be developed;
- (4) a map of the existing and proposed transportation and utility systems within the area;
- (5) a statement of the methods by which the property within the area may be disposed of;
- (6) a statement of the relationship between the specific development plan and the general development plan; and
- (7) additional statements or documentation as the board considers necessary or appropriate.

(b) Each specific development plan shall be approved or amended by the board of directors. A specific development plan becomes effective only after review and comment by the assembly of the Matanuska-Susitna Borough. Comment from the assembly must be submitted within 60 days of submission of the plan to the assembly. A specific development plan shall constitute the controlling document and land use plan for the area to be developed. In acting upon a proposed specific development plan, the board of directors shall be guided by the purposes of this chapter and particularly

(1) the degree to which the specific development plan is in substantial conformity with the general development plan; if the board of directors determines that the specific development plan under consideration constitutes a substantial change from the general development plan, the board shall consider the changed circumstances or other factors which warrant a change from the general development plan as previously approved; any specific development plan constituting a substantial change shall be subject to the same provisions that are applicable to amendments to the general development plan under sec. 130(d) of this chapter; approval of a specific development plan is an amendment to the relevant portion of the general development plan;

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

(3) the effect of all proposed land uses within the specific development plan upon adjacent land uses, whether existing or proposed, located within or adjacent to the capital city area.

Sec. 44.63.150. RELATIONSHIP OF CORPORATION, THE STATE AND MUNICIPALITIES. (a) In carrying out the purposes of this chapter, the corporation shall work closely

with, consult and cooperate with the state, the Matanuska-Susitna Borough, and the capital city, and their departments, agencies or instrumentalities.

(b) All state agencies and all municipalities may cooperate with the corporation and may extend to the corporation, with or without consideration, any assistance which they are empowered to render or perform and enter into agreements with the corporation. Upon the corporation's request, any governmental entity may loan to the corporation any officers and employees the corporation considers necessary to assist the corporation in carrying out its functions and duties under this chapter. Officers and employees so loaned retain their status and rights as public employees and are compensated by their employing agency which shall continue to exercise all of its rights as employer.

(c) The corporation may enter into agreements with the capital city providing that the city furnish, as necessary, for the capital city area included in any specific development program which has not yet been completed, municipal services as fixed in the agreements. The agreements may provide for payment by the corporation to the city of the costs of these services on a formula or other basis as may be fixed in the agreements.

(d) In implementing the development program, the corporation may enter into contractual agreements with any public agency for the furnishing of any facilities or services necessary or desirable for the development program.

(e) The corporation, on behalf of itself or in its own name on behalf of any person performing work in connection with the general development plan or a specific development plan, shall develop and keep current by periodic revision a facility procurement process schedule. The schedule shall identify the dates by which reviews and approvals by state agencies, and issuance of necessary permits, must be completed in order to allow work to proceed in accordance with the plan.

(f) The corporation shall submit the facility procurement process schedule to the capital coordinating committee. The committee consists of the commissioners of transportation and public facilities, public safety, health and social services, environmental conservation, natural resources, fish and game, labor, commerce and economic development, community and regional affairs, and a representative of the Office of the Governor. The chairman of the committee shall be the commissioner of transportation and public facilities. The committee, with the cooperation of the corporation, shall ensure that submissions made by the corporation as required by statute, codes, and regulations are processed expeditiously. The committee and the corporation, or the corporation itself, may propose to the governor revision of procedures, statutes, codes or regulations when necessary to expedite the corporation's work.

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

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Sec. 44.63.160. ACQUISITION OF REAL PROPERTY. Upon making a finding that it is necessary or convenient to acquire any real property, or an interest in it, located in the capital city area, or any real property located outside the capital city area, for the purpose of providing water, sewer, road, airport or other utility or facility for the capital city area, for its immediate or future use, the corporation may request the state, acting on behalf of the corporation, to acquire the property in any lawful manner, including the exercise of the power of eminent domain.

Sec. 44.63.170. CAPITAL CITY REVOLVING LOAN FUND.

(a) There is established within the Department of Revenue the capital city revolving loan fund. The fund shall be funded by appropriation.

(b) The commissioner of revenue may make loans from the fund to the corporation for the purpose of planning for and development of the new capital city. Loans made from the fund shall be subject to the terms and conditions agreed upon between the commissioner and the corporation.

(c) No later than the 14th day of each legislative session the commissioner and the corporation shall provide a joint report to the legislature and to the governor. The report shall include a summary of the loans made during the previous year and the anticipated funds necessary for operations of the corporation in the next year.

Sec. 44.63.180. DISPOSITION OF PROPERTY. (a) The corporation shall adopt regulations for the sale, lease or other disposal of property under this chapter. After adoption of regulations and of one or more specific development plans, the corporation may sell, lease or otherwise dispose of, all or any portion of the property encompassed by the plans to any person, either public or private, upon the terms and conditions it determines but only if the board of directors specifically finds that the terms and conditions of the sale, lease or other disposal arrangement are in substantial conformity with the plans. Before the sale, lease or other disposal of any property by the corporation, public notice of the intention of the corporation to do so shall be given by publication of a general description of the terms at least 30 days before the sale, lease or disposal in a newspaper of general circulation in each judicial district of the state and by public service announcements provided to newspapers and radio and television stations in each judicial district of the state and by other publication and notice reasonable and appropriate to inform the public of the sale, lease or disposal.

(b) Any sale, lease or other disposal of property may be made without public bidding or public sale, under a negotiated contract, agreement or lease and containing terms the corporation determines to be necessary and proper for the implementation of a specific development plan if

(1) public notice is given in accordance with (a) of this section; and

(2) reasons for the waiver of public bidding and public sale are approved by the board of directors and are

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filed at least 10 days before the sale with the commissioner of community and regional affairs.

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

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

Sec. 44.63.200. CONSTRUCTION CONTRACTS. (a) The corporation shall adopt regulations under this chapter establishing procedures for entering into contracts for construction of facilities and improvements on all or any part of any development program in accordance with the procedures established in AS 35.15. No construction contract may be entered into requiring the expenditure of funds unless the funds or a commitment letter are in the hands of the corporation.

(b) Notwithstanding the provisions of (a) of this section or any other law, the corporation may adopt regulations providing that it may, when it finds that the bid process of (a) of this section would unreasonably impede implementation of a development program or would otherwise be detrimental to the financial objectives underlying the development program, enter into a construction contract for all or any part of a development program without public bidding. No contract under this subsection except contracts for personal services or contracts involving the expenditure of less than \$20,000 may be entered into unless the corporation has given public notice of its intention to enter into the contract at a meeting at which the proposed contract is available for inspection and an opportunity for members of the public to be heard is afforded. The corporation shall include in the report required by sec. 300 of this chapter a statement of the circumstances justifying a contract entered into under the authority of this subsection and shall file the report with the commissioner of community and regional affairs.

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

Sec. 44.63.220. TAX EXEMPTION. The interest of the corporation in the real and personal property of the corporation and its assets, income and receipts are declared to be property of a political subdivision of the state and shall be exempt from all taxes and special assessments of

the state or a political subdivision of the state. The interest of others in real or personal property of the corporation is taxable by the Matanuska-Susitna Borough and the capital city to the extent authorized by law.

ARTICLE 4. CAPITAL CITY DEVELOPMENT
OVERSIGHT COMMITTEE.

Sec. 44.63.230. CAPITAL CITY DEVELOPMENT OVERSIGHT COMMITTEE ESTABLISHED. The Capital City Development Oversight Committee is established as a permanent interim committee of the legislature beginning with the Eleventh Legislature. The establishment of the committee recognizes the need of the legislature for review and oversight of the development of the new capital city.

Sec. 44.63.240. MEMBERSHIP. The committee is composed of eight members: the president of the senate, the speaker of the house, the chairmen of the finance committees, the chairmen of the state affairs committees, and one member appointed from each house by the respective presiding officer. The membership from each house shall include at least one member from each of the two major political parties. The committee shall select its own chairman.

Sec. 44.63.250. TERM OF MEMBERSHIP. (a) The committee shall be organized within 15 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed. If a member is reelected or his term of office extends into the next succeeding legislature, he continues to serve until reappointed or the appointment of his successor.

(b) When a member of the committee files a declaration of candidacy for an elective office other than that of member of either house of the legislature, and he has not resigned from membership on the committee, his committee membership terminates on the date of filing.

Sec. 44.63.260. VACANCIES. When a vacancy occurs in the statutory or appointive membership of the committee, the presiding officer of the house incurring the vacancy shall choose a successor. If the office of the president of the senate or speaker of the house of representatives becomes vacant and a vacancy from the affected house occurs among the membership of the committee, the remaining committee members from the house incurring the vacancy shall appoint a new member.

Sec. 44.63.270. MEETINGS. The committee may meet during sessions of the legislature and during the interim between sessions at such times and places in the state as the chairman may determine. Members may receive, for the minimum time required to get to and from meetings and for the period while attending meetings, the same travel and per diem allowances provided by law for members of the legislature when attending sessions, except that members of the committee receive no per diem during legislative sessions other than the per diem allowance paid to other members of the legislature.

Sec. 44.63.280. POWERS. The committee has the power to

- (1) organize and adopt rules for the conduct of its business;
- (2) hold public hearings;
- (3) require all state officials and agencies of state government to give full cooperation to the committee or its staff in assembling and furnishing requested information;
- (4) prepare and distribute reports, memoranda, or other materials;
- (5) review all reports of the corporation and of the Legislative Budget and Audit Committee relating to the corporation;
- (6) make recommendations for legislative action relating to the capital relocation and planning and development of the new capital city.

Sec. 44.63.290. STAFF. The legislative audit division and the legislative finance division shall provide audits, reports and analyses requested by the committee. The committee may hire and determine the salary of the staff it considers necessary within the limit of the budget approved by the legislature.

Sec. 44.63.300. DUTIES. The committee shall report to the legislature annually. The report shall include any considerations the committee considers relevant to the planning and development of the new capital city and to the performance of the capital city development corporation.

ARTICLE 5. GENERAL PROVISIONS.

Sec. 44.63.310. EXECUTIVE BUDGET ACT. The corporation is subject to the provisions of the Executive Budget Act (AS 37.07).

Sec. 44.63.320. ANNUAL BUDGET. The board of directors shall review and approve, by a two-thirds vote of members of the board, the annual operational and capital program and budget for the corporation and may, by two-thirds vote, and in accordance with AS 37.07 amend the program and budget. No corporate funds may be expended or money borrowed except in accordance with appropriations.

Sec. 44.63.330. ANNUAL REPORT. The corporation shall submit to the governor and the Legislative Budget and Audit Committee, within three months after the end of the corporation's fiscal year, a complete financial report audited by a certified public accountant or firm of certified public accountants, which shows

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

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(3) the progress of fulfillment of the financial and economic projections contained in the general development and specific development plans; and

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

Sec. 44.63.340. CONFLICTS OF INTEREST. (a) No director or employee of the corporation or member of the advisory board may participate in any decision of the corporation in which he has a direct or indirect financial interest.

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

Sec. 44.63.345. LIMITATION OF LIABILITY. No person executing a note of the corporation is liable personally on such obligations by reason of their issuance.

Sec. 44.63.350. TERMINATION OF CORPORATION. (a) Unless a determination is made under (b) of this section to extend the existence of the corporation, the existence of the corporation shall terminate upon the occurrence of any of the following events: (1) the board's determination that the general development plan has been substantially implemented; (2) the attainment by the capital city of a population of 37,500 as certified by the Department of Community and Regional Affairs; or (3) the arrival of the year 1994.

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

Sec. 44.63.360. DEFINITIONS. In this chapter, unless the context requires otherwise,

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

(2) "capital city" means the municipality created under AS 29.18.510;

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

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

(5) "development program" means one or more works, undertakings or improvements (surface, subsurface, or overhead) or buildings constructed, reconstructed, or improved or to be constructed, reconstructed, or improved by the corporation within the capital city area, under one or more specific development plans, as the corporation considers necessary or appropriate;

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

(7) "general development plan" means a general land use and land development plan for the capital city area which contains the elements set out in sec. 130 of this chapter;

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

(9) "private firm" means any private person, partnership, corporation, foundation, trust, or other business entity whether organized for profit or not for profit;

(10) "public agency" means any officer, department, board, commission, bureau, division, public corporation, agency or instrumentality of the state, the United States, or any municipality;

(11) "specific development plans" means the various plans for the implementation of each phase or segment of the general development plan.

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

ARTICLE 5. CAPITAL CITY INCORPORATION.

Sec. 29.18.510. INCORPORATION. There is created and incorporated a city of the state as the capital city of Alaska which is a city of the first class. The capital city has all the powers of a first class city.

Sec. 29.18.520. BOUNDARIES. The boundaries of the capital city shall include all of that area of land designated by the voters of Alaska as the new capital site of the state.

Sec. 29.18.530. CITY COUNCIL. (a) Until council members elected by the residents of the capital city take office as provided in sec. 570 of this chapter, the council of the capital city shall have five members, four of whom shall be appointed by the governor and shall serve at the pleasure of the governor. The development corporation shall designate one person to serve as a member of the council. The council members appointed by the governor or designated by the development corporation shall serve an initial term which expires on the Monday following the

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first Tuesday in October of the calendar year following the calendar year of initial appointment or designation. Council members may be reappointed by the governor or redesignated by the development corporation. Except as provided in sec. 570 of this chapter, the successors of the initial appointees and designee shall serve for a term of two years commencing on the date the initial appointments and designation expire. Each appointee and designee shall hold office for the term of his appointment and until his successor has been appointed or designated and has qualified.

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

(c) The council shall elect a chairman from among its membership. The chairman presides at council meetings, determines the agenda for council meetings, and carries out the other duties specified by ordinance.

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

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

Sec. 29.18.570. TRANSITION. (a) When the capital city attains a population of 400 permanent residents, as certified by the lieutenant governor based on the best information available, the lieutenant governor shall notify the council of this determination. The lieutenant governor shall specify an election date which shall be the first Tuesday of October following the notification, except that if it is less than six months from the date of the certification to the first Tuesday of October then the election date shall be the first Tuesday of October of the year following. The elected members shall take office on the Monday following the election.

(b) After the lieutenant governor has specified the election date, the council shall make arrangements for an election at which five council members and a mayor shall be elected in the manner prescribed by ordinance and law. The expenses of the election shall be borne by the state. The council of the capital city shall have six members. The governor shall designate one council member holding office on the date of the election to remain a member of the council for a single three-year term commencing on the date the elected council members take office. The successors to the appointed council members shall be elected by the residents, except that if the appointed council member leaves office during the three years, the governor may appoint a successor. The terms of all other appointed or designated council members expire when the elected council members take office. The term of elected council members is as provided in AS 29.23.200(c) except that three of the members are elected for an initial term of one year.

Sec. 29.18.580. PLANNING AND ZONING AUTHORITY. The general development plan and specific development plans constitute the land use plan for the capital city area. When a parcel of land has been developed in accordance with the applicable specific development plan, that parcel becomes subject to all planning, zoning, subdivision, building code or other similar ordinances of the Matanuska-Susitna Borough.

Sec. 29.18.590. TRANSFER OF UTILITIES TO CAPITAL CITY. The development corporation, in cooperation with the capital city, shall arrange for and agree to an orderly schedule for transferring to the capital city ownership of, and financial and operational responsibility for utilities and any other facilities which the development corporation considers to be integral parts of the capital city infrastructure. Before January 1, 1985, the development corporation and the council of the capital city shall jointly retain independent consultants to study and determine an orderly schedule for transfer of these utilities and facilities to the capital city. The study shall consider the capabilities of the capital city and its existing and anticipated residents to finance the cost of these utilities and other facilities and their operating expenses. The consultants shall propose a recommended schedule for and terms of transfer which are commensurate with the capital city's existing and anticipated population, tax base and any other factors relating to its capability to finance and operate these facilities as they consider appropriate. The development corporation shall, after considering the consultants' report, propose a schedule of and terms and conditions of the transfer to the capital city, which shall, upon review and approval by the council, be included in an agreement between the development corporation and the capital city. If the development corporation and the capital city are unable to agree within six months after the development corporation submits its proposal, the development corporation shall submit the proposal to the Legislative Budget and Audit Committee which shall consider the proposal, and if the committee considers it appropriate to do so, shall recommend to the legislature legislation it considers desirable for the disposition of the utilities and other facilities. If the legislature does not enact legislation regarding the disposition within one year after the proposal is submitted to the Legislative Budget and Audit Committee, the development corporation may at any time thereafter sell or dispose of the utilities and facilities or any of them to a private person or entity or government body, or continue to operate them.

Sec. 29.18.600. DEFINITIONS. In secs. 510 - 600 of this chapter, unless the context requires otherwise,

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

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

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

(4) "general development plan" has the same meaning as provided in AS 44.63.360 and includes amendments to the general development plan;

(5) "specific development plan" has the same meaning as provided in AS 44.63.360 and includes amendments to each specific development plan.

Sec. 29.18.610. SHORT TITLE. Sections 510 - 610 of this chapter may be cited as the Capital City Incorporation Act.

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

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

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

(i) All references to the "reserve fund" in this section include special accounts within the reserve fund which may be created by the authority to secure the payment of particular bonds, including, without limitation, bonds issued by the capital city established under AS 29.18.510. The commissioner of revenue may lend surplus money in the general fund to the authority for deposit to any account in the reserve fund in an amount equal to the required debt service reserve. The loans shall be made on such terms and conditions as may be agreed upon by the commissioner of revenue and the authority, including, without limitation, terms and conditions providing that the loans need not be repaid until the obligations of the corporation secured and to be secured by the account in the reserve fund are no longer outstanding.

* Sec. 5. The commissioner of revenue may loan an amount not to exceed \$49,400,000 from surplus money in the general fund to the Alaska State Housing Authority (AS 18.55.010 - 18.55.290) for the purpose of providing housing for persons of lower income in the capital city area. The amounts loaned shall be used by the authority for that purpose in accordance with the provisions of AS 18.55.300 - 18.55.370. The loan or loans by the commissioner of revenue to the authority shall be made at the rate or rates of interest and upon the terms and conditions as the commissioner of revenue and the authority may agree upon.

* Sec. 6. This Act takes effect 30 days after certification that a bond issue for costs of relocation of the capital has been adopted by the voters of the state.