

# **BY-LAWS OF THE ALASKA HOUSING FINANCE CORPORATION**

## **ARTICLE I - THE CORPORATION**

**Section 1. Name of Corporation.** The name of the Corporation shall be "Alaska Housing Finance Corporation."

**Section 2. Seal of Corporation.** The seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation and year of its organization.

**Section 3. Offices of the Corporation.** The offices of the Corporation shall be at such locations as the Board of Directors may from time to time designate by resolution.

## **ARTICLE II - BOARD OF DIRECTORS**

**Section 1. General Powers.** The powers of the Board of Directors shall be vested in its members in office from time to time.

**Section 2. Board Officers.** The officers of the Board of Directors of the Alaska Housing Finance Corporation shall be a Chairman and Vice Chairman. They shall be elected at the annual meeting of the Board.

**Section 3. Chairman.** The Chairman of the Board shall preside at all Board meetings.

**Section 4. Vice Chairman.** The Vice Chairman shall perform the duties of the Chairman in the absence or incapacity of the Chairman, and in case of the resignation or death of the Chairman, the Vice Chairman shall perform such duties until the Board elects a new Chairman. In the absence or incapacity of the Vice Chairman, or in the case of his resignation or death, the Commissioner of Revenue shall perform his duties until the Board elects a new Chairman.

**Section 5. Election of Board Officers.** The Chairman and Vice Chairman shall be elected from among the members of the Board at its annual meeting and shall hold office for one year or until their successors are elected.

**Section 6. Vacancies.** Should the office of the Chairman or Vice Chairman become vacant, the Board shall elect a successor from its membership to fill the unexpired term of the office at its next regular meeting.

**Section 7. Additional Duties.** Board officers shall perform such other duties as are set forth in the Corporation's by-laws or regulations or as may from time to time be authorized by the Board.

**Section 8. Conflict of Interest.** No member or employee of the Corporation shall acquire an interest, direct or indirect, in a mortgage loan made by the Corporation, or in a contract for materials or services to be furnished to the Corporation. If a Board member or employee owns or controls an

interest described in this section, he shall immediately disclose the interest in writing to the Corporation. Failure to make disclosure constitutes misconduct in office. The preceding does not preclude a Board member or employee of the Corporation from (a) seeking financing through an approved Seller/Service for a residential loan under one of the programs of the Corporation, in accordance with procedures established by the Board; or (b) assuming a residential loan financed through an approved Seller/Service under one of the programs of the Corporation, in accordance with procedures established by the Board, subject to applicable law or regulation.

**Section 9. Audit Committee.** There shall be an audit committee consisting of not less than three members of the Board of Directors. The members shall be appointed by the Chairman of the Board of Directors at the annual meeting of the Board. Should a vacancy occur, the Chairman shall appoint a successor to fill the unexpired term. It shall be the duty of the committee to recommend to the Board an independent accounting firm to perform an annual audit and evaluation of the internal financial controls of the Corporation. The committee shall act on behalf of the Board in meeting with the independent auditor, the internal auditor and the appropriate corporate officers and reviewing matters relating to the corporate financial reporting and accounting policies and procedures, the adequacy of financial accounting and operating controls and the scope of the respective audits of the independent and internal auditors. The committee shall review the results of such audits and shall promptly report thereon to the Board of Directors. The committee shall additionally submit to the Board any and all recommendations it may have from time to time with respect to financial reporting and accounting practices and policies and financial, accounting and operational controls and safeguards. The committee shall elect a Chair who will call meetings as appropriate.

**Section 10. Personnel Committee.** There shall be a personnel committee consisting of not less than three members of the Board of Directors. The members shall be appointed by the Chairman of the Board of Directors at the annual meeting of the Board. Should a vacancy occur, the Chairman shall appoint a successor to fill the unexpired term. The committee shall annually evaluate the Executive Director and make compensation recommendations to the Board. The compensation of the Executive Director shall be set by the Board as per Article IV, Section 1 of these by-laws. In addition, the committee shall review and study the Corporation's personnel and compensation/benefits policies, and recommend such changes as appropriate to the Board. The committee shall elect a Chair who will call meetings as appropriate.

**Section 11. Investment Advisory Committee.** There shall be an investment committee consisting of not less than three members of the Board of Directors. The members shall be appointed by the Chairman of the Board of Directors at the annual meeting of the Board. Should a vacancy occur, the Chairman shall appoint a successor to fill the unexpired term. The investment committee shall review all interim and annual investment reports, critique performance and portfolio selections. The committee shall also review proposed changes to investment policies, portfolio diversification, and investment managers, and when appropriate recommend such changes to the Board. The committee shall elect a Chair who will call meetings as appropriate.

**Section 12. Budget/Housing Policy Committee.** There shall be a budget/housing policy committee consisting of not less than three members of the Board of Directors. The members shall be appointed by the Chairman of the Board of Directors at the annual meeting of the Board. Should a vacancy occur, the Chairman shall appoint a successor to fill the unexpired term. The committee shall review

the annual operating and capital budgets submitted by staff and recommend approval of the annual budgets to the Board. The committee shall also establish benchmarks and time frames for the development and implementation of the Corporation's housing policy, and recommend same to the Board. The committee shall elect a Chair who will call meetings as appropriate.

### **ARTICLE III - BOARD MEETINGS**

**Section 1. Annual Board Meeting.** The annual meeting of the Board of Directors shall be held during the third quarter of each calendar year on the date and at the place set by the Board. The annual meeting shall also constitute a regular Board meeting.

**Section 2. Regular Board Meetings.** Regular meetings of the Board of Directors shall be held at least once during each quarter of every year on the dates and at the place set by the Board.

**Section 3. Special Board Meetings.** The Chairman of the Board may, when he deems it appropriate, and shall, upon the written request of two members of the Board, call a special meeting of the Board for the purpose of transacting any business designated in the call. At such special meetings, no business shall be considered other than as designated in the call.

**Section 4. Notice of Meetings.** There shall be at least seven calendar days public notice of any meeting of the Board. Such notice shall also be mailed directly to each Board member. All meetings of the Board shall comply with the Alaska Open Meetings Act, AS 44.62.310-.312. Notwithstanding the other provisions of this section, 24 hours or more is adequate notice for Board action authorizing the issuance of Corporation bonds. In emergencies, the Board may meet with such public notice as is reasonable under the circumstances.

**Section 5. Quorum.** Four Board members shall constitute a quorum for the purpose of conducting the Board's business and exercising its powers and for all other purposes, but a smaller number may adjourn from time to time until a quorum is obtained. When a quorum is in attendance, action may be taken by the Board upon a vote of the majority of the Board members present.

**Section 6. Order of Business.** At a regular meeting of the Board of Directors, the following shall be the order of business:

1. Roll Call
2. Approval of Agenda
3. Approval of Minutes
4. Public Comments
5. Old Business
6. New Business
7. Report of the Chair
8. Board Committee Reports
9. Report of the Executive Director
10. Any Other Matters to Properly Come Before the Board
11. Adjournment

The Chairman of the Board may announce changes in the Order of Business during the meeting.

The Chairman of the Board and the Executive Director may submit such recommendations and information to the Board as they consider proper concerning the business, affairs, and policies of the Corporation.

**Section 7. Manner of Voting.** All Resolutions shall be in writing and shall be entered in a journal of the proceedings of the Board. The voting on all questions coming before the Board shall be by roll call, and the "yeas" and "nays" shall be entered upon the minutes of such meeting providing any dissenting votes are cast. Otherwise, resolutions may be shown as unanimous.

#### **ARTICLE IV - OFFICERS AND EMPLOYEES OF THE CORPORATION**

**Section 1. Executive Director.** The Executive Director is charged with the administration of the business affairs of the Corporation subject to the direction of the Board of Directors. The Executive Director shall be appointed by the Board and shall have such term as the Board fixes. The compensation of the Executive Director shall be set by the Board. No member of the Board shall be eligible for this office.

**Section 2. Secretary-Treasurer.** The Executive Director shall serve as the Secretary-Treasurer of the Corporation.

(a). As Secretary, the Executive Director shall keep the records of the Corporation, shall act as secretary at Board meetings, keeping minutes and recording all votes, and shall perform all other duties incident to the office. The secretary shall keep in safe custody the Seal of the Corporation and shall have power to affix such Seal to all contracts and instruments authorized to be executed by the Board of Directors.

(b). As Treasurer, the Executive Director is authorized and empowered to:

(i). Keep regular books of accounts of all financial transactions of the Corporation, recording receipts and expenditures;

(ii). Have annual audits made of the books of account of the Corporation and render such other reports and accounting as required by the Board; and

(iii). Be bonded and cause appropriate Corporation employees to be bonded.

(iv). Have the care and custody of all funds of the Corporation;

(v). Deposit Corporation funds in such banks as he may select;

(vi). Invest corporate funds as directed by statute; and

(vii). Disburse monies for all Corporation expenses and obligations.

(c). The Board may, by resolution, assign to some other person all or part of the above enumerated duties of the Secretary-Treasurer and may give said person or persons, an appropriate title.

(d). The Board may appoint one or more Assistant Secretary-Treasurer(s), who shall be an employee of the Corporation. In the absence or incapacity of the Secretary-Treasurer, each person so appointed shall be authorized to perform all duties and acts of the Secretary-Treasurer.

**Section 3. Additional Personnel.** The Board may authorize the employment of such personnel as it deems necessary to exercise the powers, duties and functions of the Corporation as prescribed by law. The selection and compensation of such personnel shall be determined by the Executive Director subject to the Corporation's personnel policies and procedures.

**Section 4. Legal Indemnification.** (a). This section applies to all current and former officers, directors, and employees with respect to claims arising out of acts or events occurring during and in the course of their employment or service with the Corporation. The term "employee" as used in this section shall include all such persons and shall include for any period prior to July 1, 1992, an employee or former employee of the Alaska State Housing Authority or the Department of Community and Regional Affairs who becomes an employee of the Alaska Housing Finance Corporation so long as no other coverage exists under any other provision of state law.

(b). If the Executive Director, with the advice of the Attorney General, determines that an employee did not engage in conduct beyond the scope of the employee's authority or in conduct which constituted wilful misconduct or gross negligence in the performance of the employee's duties, the Corporation shall provide for the legal defense of the employee in any civil legal action brought against the employee as a result of the performance of the employee's duties. Any determination with respect to the conduct of the Executive Director or a Board member shall be made by the Board of Directors.

(c). An employee must request the legal defense services available under this section in writing within five (5) working days of service on the employee of a summons and complaint. The date of the request shall be the date of postmark if mailed or the date of delivery if conveyed by some other means. The request must be made to the Executive Director or, in the event the Executive Director or a Board member requests such services, to the Board of Directors. Failure to submit a written request within the required five working days relieves the Corporation of any obligation under this section.

(d). The Corporation shall have the right to select the attorney who represents an employee.

(e). Attorneys provided by the Corporation will only undertake to defend an employee and will not assert any counterclaims or cross claims on the employee's behalf without the prior written approval of the Corporation.

(f). Except as otherwise provided herein, the Corporation will pay any judgment rendered against an employee if it has provided legal services to the employee pursuant to this section.

(g). If a court of competent jurisdiction determines that the employee acted beyond the scope of the employee's authority or with wilful misconduct or gross negligence, then the Corporation shall have no liability to indemnify the employee for any judgment entered against the employee. In such case, any judgment entered against the employee will be borne by the employee.

(h). An employee shall not be indemnified for any judgment or award of punitive damages.

(i). If a court judgment is entered in an employee's favor and the losing plaintiff appeals, the Corporation shall continue to defend throughout the appeal process. If a judgment is entered against the employee in the trial court and the Corporation is obligated to indemnify against such judgment under this section, the Corporation may determine whether an appeal on behalf of the employee is in its best interest. If such a determination is made, the Corporation will continue to provide representation for the employee throughout the appeal. If the Corporation determines that an appeal would not be in its best interest, the Corporation will have no obligation to provide representation for the employee on appeal.

(j). This section shall not be construed to impose any liability on the Department of Housing and Urban Development.

## **ARTICLE V - AMENDMENTS**

**Section 1. Amendments to By-Laws.** The By-Laws of the Corporation may only be amended by the affirmative vote of at least four of the members of the Board of Directors at a properly noticed Board meeting.

### **AMENDMENTS**

1. By-Laws reorganized and amended by Resolution 92-39, October 21, 1992.
2. By-Laws amended by Resolution No. 93-56, October 21, 1993, as follows:
  - a. deletion of ", First" and "and Second Vice Chairman"; insertion of "and". **Section 2, Article II.**
  - b. deletion of "First" and "Second Vice Chairman"; insertion of "Commissioner of Revenue". **Section 4, Article II.**
  - c. deletion of ", First" and ", and Second Vice Chairman"; insertion of "and". **Section 5, Article II.**
  - d. deletion of ", First" and ", or Second Vice Chairman"; insertion of "or". **Section 6, Article II.**

3. By-Laws amended by Resolution No. 95-43, August 16, 1995, as follows:
- a. deletion of "will"; insertion of "shall" and "The committee shall elect a Chair who will call meetings as appropriate." Section 9, Article II.
  - b. insertion of "Section 10. Personnel Committee", "Section 11. Investment Advisory Committee" and "Section 12. Budget/Housing Policy Committee". Article II.
  - c. deletion of "7. Report of the Executive Director", "8. Any Other Matters to Properly Come Before the Board" and "9. Adjournment"; insertion of "7. Report of the Chair", "8. Board Committee Reports", "9. Report of the Executive Director", "10. Any Other Matters to Properly Come Before the Board" and "11. Adjournment". Section 6, Article III.