

CHAPTER 84

(HB 362)

AN ACT relating to the creation of the Asset Resolution Corporation.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164A IS CREATED TO READ AS FOLLOWS:

(1) *As used in this section:*

(a) *"Board" means the board of directors of the Kentucky Higher Education Student Loan Corporation acting in the capacity of the board of directors of Asset Resolution Corporation; and*

(b) *"Corporation" means the Asset Resolution Corporation created in this section.*

(2) *There is hereby created an instrumentality of the Commonwealth to be known as Asset Resolution Corporation for the purpose of promoting higher educational opportunities for the citizens of the Commonwealth by providing debt resolution services for student loan obligations held by the United States Department of Education or other third-party entities and any other related activity to the extent such activity is not limited or prohibited by statute or other governing authority.*

(3) *The corporation shall be attached to the Kentucky Higher Education Student Loan Corporation for administrative and reporting purposes and shall be governed, managed, and administered as a separate and distinct instrumentality of the Commonwealth in accordance with this section.*

(4) *The Kentucky Higher Education Student Loan Corporation and its facilities shall be used and employed in the administration of the corporation, including but not limited to the keeping of records and the employment of staff to assist in the performance of the designated activities of the corporation.*

(5) *The board shall have the power and authority to:*

(a) *Sue and be sued;*

(b) *Promulgate administrative regulations and adopt procedures to implement this section;*

(c) *Make and enter into contracts necessary for the administration of the corporation;*

(d) *Adopt a corporate seal and change and amend it from time to time;*

(e) *Make, execute, and effectuate any and all agreements or other documents with the United States Department of Education, this Commonwealth, any federal or state agency, or any person, corporation, association, partnership, or other organization or entity and perform other acts necessary or appropriate for the effectuation of its rights and duties pursuant to this section;*

(f) *Delegate to the Kentucky Higher Education Student Loan Corporation general supervision and direction over the administrative function of the corporation and its employees in carrying out the policies, programs, administrative regulations, and directives of the board; and*

(g) *Carry out the duties and obligations of the corporation pursuant to this section, and to have any and all other powers as may be reasonably necessary for the effectuation of the purposes of the corporation.*

(6) *Board members, except officers or employees of the state, shall receive compensation for their services in the amount of one hundred dollars (\$100) per day for attendance at each board meeting and shall be entitled to payment of any reasonable and necessary expenses actually incurred in discharging their duties under this section.*

➔Section 2. KRS 164A.050 is amended to read as follows:

(1) There is hereby created and established an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky which shall be a body corporate and politic to be known and identified as the Kentucky Higher Education Student Loan Corporation.

(2) The Kentucky Higher Education Student Loan Corporation is created and established as an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky to perform essential governmental and public functions and purposes in improving and otherwise promoting the educational

opportunities of the citizens and inhabitants of the Commonwealth of Kentucky and other qualified students by a program of financing, making, and purchasing of insured student loans.

- (3) (a) Subject to paragraph (b) of this subsection, the corporation shall be governed by a board of directors consisting of:
 1. Eight (8) voting members chosen from the general public residing in the Commonwealth of Kentucky; and
 2. Seven (7) voting members of the board of directors of the Kentucky Higher Education Assistance Authority appointed by the Governor pursuant to KRS 164.746(1)(a)1., who shall serve terms of office on the corporation board of directors coextensive with their respective terms of office on the Kentucky Higher Education Assistance Authority board of directors.
 - (b) Upon resignation or expiration of the term of an appointed member of the board of the corporation and the Kentucky Higher Education Assistance Authority, that member's position shall be abolished to reduce the combined number of appointed members of the boards of the corporation and the Kentucky Higher Education Assistance Authority to ten (10) members.
 - (c) In addition, the president of the Council on Postsecondary Education, the secretary of the Finance and Administration Cabinet, the president of the Association of Independent Kentucky Colleges and Universities, the State Treasurer, and the commissioner of education, or their designees who shall be another official of the same cabinet or agency, shall serve as ex officio voting members.
- (4) The Governor shall appoint directors according to subsection (3)(a)1. of this section from nominees submitted by the Governor's Higher Education Nominating Committee under KRS 164.005 to take office and to exercise all powers thereof immediately. The terms shall be staggered and shall be for a period of four (4) years each. Each director shall serve for the appointed term and, except as provided in subsection (3)(b) of this section, shall serve until a successor has been appointed and has duly qualified.
 - (5) Except as provided in subsection (3)(b) of this section, in the event of a vacancy, the Governor may appoint a replacement director from nominees submitted by the Governor's Higher Education Nominating Committee under KRS 164.005 who shall hold office during the remainder of the term so vacated.
 - (6) The Governor may remove any director from the general public in case of incompetency, neglect of duties, gross immorality, or malfeasance in office; and may thereupon declare such office vacant and may appoint a person to fill such vacancy as provided in other cases of vacancy.
 - (7) The board shall elect from its voting membership a chair, chair-elect, and secretary-treasurer. The executive director of the Kentucky Higher Education Assistance Authority shall serve as executive director of the corporation.
 - (8) The executive director shall administer, manage, and direct the affairs and business of the corporation, subject to the policies, control, and direction of the board of directors of the corporation. The secretary-treasurer of the corporation shall keep a record of the proceedings of the corporation and shall be custodian of all books, documents, and papers filed with the corporation, the minute book or journal of the corporation, and its official seal. The secretary-treasurer may copy all minutes and other records and documents of the corporation and give certificates under the official seal of the corporation to the effect that such copies are true copies and all persons dealing with the corporation may rely upon such certificates.
 - (9) A majority of the board of directors of the corporation shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes notwithstanding the existence of any vacancies in respect of the board of directors.
 - (10) Official actions may be taken by the corporation at meetings duly called by the chair upon three (3) days' written notice to each director or upon the concurrence of at least a majority of the directors. In lieu of personal attendance by members of the board of directors at the same location, the board of directors may conduct meetings by teleconference or other available technological means suitable for conducting its business. Meetings of the board shall be open and accessible to the public in accordance with KRS 61.805 to 61.850, and any alternate method of conducting a meeting in lieu of personal attendance shall ensure public access.
 - (11) Directors, except officers or employees of the state, shall receive one hundred dollars (\$100) compensation per day for their services and shall be entitled to payment of any reasonable and necessary expense actually incurred in discharging their duties under this chapter.

- (12) Recognizing that the corporation and the Kentucky Higher Education Assistance Authority are governed by identical boards of directors and managed by a common executive director and otherwise share staff functions, the two (2) organizations shall provide technical, clerical, and administrative assistance to each other and for *the Asset Resolution Corporation*, the Kentucky Educational Savings Plan Trust, and the Commonwealth postsecondary education prepaid tuition trust fund, together with necessary office space and personnel, and shall assist each other in all ways by the performance of any and all actions which may be useful or beneficial in the performance of their public functions.
- (13) The corporation shall enter into contracts with the Kentucky Higher Education Assistance Authority, *the Asset Resolution Corporation*, the Kentucky Educational Savings Plan Trust, and the Commonwealth postsecondary education prepaid tuition trust fund as may be proper and appropriate in respect to services which may include but not be limited to the servicing and collection of insured student loans or to facilitate the common administration, operation, and management of the contracting entities.

Signed by Governor April 11, 2012.