

SENATE BILL NO. 277

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/5/98

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to international airports revenue bonds; and providing for an
2 effective date."

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

4 * **Section 1.** AS 37.15.120 is amended to read:

5 **Sec. 37.15.120. Regulations.** The state bond committee may adopt regulations
6 for the performance of its duties and, except as otherwise provided in this chapter,
7 may designate by resolution one of its members to perform any act necessary to
8 effectuate its duties not required by statute to be performed by the state bond
9 committee in meeting or by resolution, or by another officer of the state.

10 * **Sec. 2.** AS 37.15.410 is amended to read:

11 **Sec. 37.15.410. Bond authorization.** For the purpose of providing part or all
12 of the money to be used, with or without any grants or other money that may become
13 available, the issuance and sale of revenue bonds of the state in the total principal sum
14 of not to exceed \$304,825,000 [\$100,825,000] is authorized to acquire, equip,

1 construct, and install the additions, improvements, extensions, and facilities authorized
 2 in AS 37.15.510. The principal of and interest on these bonds shall be paid out of and
 3 secured by the gross revenue derived by the state from the ownership, lease, use, and
 4 operation of the airports, and of all the facilities of them and out of any other revenue
 5 or money that the state legislature may provide exclusive of any state tax or license.

6 * **Sec. 3.** AS 37.15.420(a) is amended to read:

7 (a) There is established a capital project fund known as the "International
 8 Airports Construction Fund," into which shall be paid the proceeds of the sale of the
 9 bonds (except any accrued interest paid on them or capitalized interest, which shall
 10 be paid into the bond redemption fund) and grant or other money that is legally
 11 provided for the same purposes for which the bonds are authorized. The money in the
 12 construction fund shall be used to pay the costs of acquiring, equipping, constructing,
 13 and installing additions and improvements to and extensions of and facilities for the
 14 airports and costs incidental thereto, including costs of the authorization, issuance, and
 15 sale of the bonds, and the costs of underwriting, credit enhancement, and
 16 payments required under federal tax law. To the extent provided in the bond
 17 resolution, money in the construction fund may also be used for the payment of
 18 interest on the bonds during the period of actual construction, and for a further period,
 19 not exceeding one year after the period of construction, that may be provided in the
 20 bond resolution. Money in the construction fund may also be transferred to the bond
 21 redemption fund, to the extent provided in the bond resolution, to establish a reserve
 22 for the payment of the principal of and interest on the bonds.

23 * **Sec. 4.** AS 37.15.430(a) is amended to read:

24 (a) There is established an enterprise fund known as the "International Airports
 25 Revenue Fund," into which shall be paid all revenue, fees, charges, and rentals derived
 26 by the state from the ownership, lease, use, and operation of the airports and all of the
 27 facilities and improvements of them and facilities and improvements used in
 28 connection with them. The revenue, charges, fees, and rentals may not include the
 29 proceeds of any state tax or license. The money in the revenue fund may only be used
 30 for the purpose of

31 (1) paying or securing the payment of the principal, redemption

1 **premiums, [OF AND] interest, and other payment obligations with respect to [ON]**
 2 the bonds and of and on any other revenue bonds issued by authorization of the
 3 legislature to provide money to acquire, equip, construct, and install additions and
 4 improvements to, and extensions of and facilities for, the airports, and to be payable
 5 out of the revenue fund;

6 (2) paying the normal and necessary costs of maintaining and operating
 7 the airports and all of the improvements and facilities of them;

8 (3) paying the costs of renewals, replacements, and extraordinary
 9 repairs to the airports and all of the improvements and facilities of them;

10 (4) redeeming before their fixed maturities any and all revenue bonds
 11 issued for the purposes of the airports;

12 (5) providing money to acquire, construct, and install necessary
 13 additions and improvements to and extensions of and facilities for the airports and all
 14 of their facilities;

15 **(6) making payments required under federal tax law and bond**
 16 **administration expenses;** and

17 **(7) [(6)]** providing money to pay any and all other costs relating to the
 18 ownership, use, and operation of the airports.

19 * **Sec. 5.** AS 37.15.450(a) is amended to read:

20 (a) The bonds may be sold at public or private sale in the manner, in the
 21 amounts or series, and at the time or times that the committee determines. However,
 22 the bonds, or each series of them, shall be sold at such a price so that the effective
 23 interest rate over the life of the bonds does not exceed 11 percent per year or that rate
 24 of interest that is 125 percent of the rate of the Bond Buyer Index of 20 Municipal
 25 Bond Average Yields for the week previous to the date of sale of the bonds, whichever
 26 is higher. Interest shall be payable **for the period determined by the committee**
 27 **[ANNUALLY OR SEMIANNUALLY]**.

28 * **Sec. 6.** AS 37.15.450(b) is amended to read:

29 (b) The bonds mature at the time or times fixed by the committee. The bonds
 30 may be subject to redemption before their fixed maturities as determined by the
 31 committee and with a premium or premiums fixed by the committee[, BUT A BOND

1 IS NOT SUBJECT TO REDEMPTION BEFORE ITS FIXED MATURITY DATE
 2 UNLESS THE RIGHT SO TO REDEEM THAT BOND IS EXPRESSLY
 3 MENTIONED ON THE FACE OF THE BOND]. The bonds may be in denominations
 4 determined by the committee; may be issued in coupon form or in fully registered
 5 form, and may be registrable as to principal or both principal and interest, all under
 6 regulations and conditions that the committee shall provide; shall be payable as to
 7 principal and interest at such place or places as may be determined by the committee;
 8 shall be signed on behalf of the state by the governor and shall be attested by the
 9 lieutenant governor, both of which signatures may be facsimile signatures; shall have
 10 the seal of the state impressed, printed, or lithographed on them, and each of the
 11 interest coupons attached to them shall be signed by the facsimile signatures of these
 12 officials; shall be issued under and subject to such terms, conditions, and covenants
 13 providing for the payment of the principal of them and interest on them and such other
 14 terms, conditions, covenants, and protective features safeguarding this payment and
 15 relating to the maintenance, operation, and improvement of the airports as found
 16 necessary by the committee, which covenants may include a provision requiring the
 17 setting aside and maintenance of certain reserves to secure the payment of this
 18 principal and interest. The committee may provide that any additional bonds
 19 authorized after June 27, 1972 by the legislature to be payable out of the same source
 20 or sources as the bonds authorized as of that date may later be issued on a parity with
 21 the bonds authorized as of that date upon compliance with any conditions which the
 22 committee may prescribe. The committee may provide for credit enhancement to
 23 secure bonds issued under AS 37.15.410 - 37.15.550 and may enter into
 24 agreements with the issuer of the credit enhancement under terms considered
 25 advisable by the committee.

26 * **Sec. 7.** AS 37.15.460 is amended to read:

27 **Sec. 37.15.460. Bond resolution.** The committee shall adopt the bond
 28 resolution and prepare all other documents and proceedings necessary for the issuance,
 29 sale, and delivery of the bonds or any part or series of them. The bond resolution
 30 must fix the maximum principal amount, denomination, [DATE,] maximum
 31 maturities, maximum interest rates, place or places of payment, [RIGHTS OF

1 REDEMPTION, IF ANY, TERMS, FORM,] conditions, and covenants of the bonds
2 or each series of them **and may authorize a designee to execute a trust agreement**
3 **with respect to the bonds.** The committee shall also determine and provide for the
4 [DATE AND] manner of sale of the bonds, and shall provide whether the notice of
5 sale is to be published elsewhere in addition to [THE] publication **as described in**
6 **AS 37.15.040** [REQUIRED BY AS 37.15.450].

7 * **Sec. 8.** AS 37.15.550(7) is amended to read:

8 (7) "committee" means the state bond committee created by
9 AS 37.15.110, **staff of the committee acting under authority delegated by the**
10 **committee,** or any other committee, body, department or officer of the state which or
11 who succeeds to the rights, powers, duties and obligations of the state bond committee
12 by lawful Act of the legislature.

13 * **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).