

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 163

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SECOND LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the acquisition, con-  
7 struction and equipping of certain buildings  
8 of the University of Alaska and to the is-  
9 suance and sale of not to exceed \$6,750,000  
10 of negotiable revenue bonds of the Univer-  
11 sity to pay part or all of the cost thereof;  
12 creating a Housing System and a Housing  
13 System Revenue Fund of the University;  
14 authorizing the issuance and sale of re-  
15 funding bonds; and providing for an effec-  
16 tive date."

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

18 Section 1. As used in this Act, unless the context otherwise  
19 requires:

20 a. "University" means the University of Alaska, located at  
21 College, Alaska.

22 b. "Bonds" means the University revenue bonds authorized  
23 by this Act.

24 c. "Board" means the Board of Regents of the University.

25 d. "Improvements" means the apartments, residences, dormi-  
26 tories, dining facilities and other buildings to be acquired,  
27 constructed and equipped out of the proceeds of sale of the Bonds,  
28 as authorized in Sec. 4 of this Act.

29 e. "Housing System" means the housing system of the

1 University created in Sec. 2 of this Act.

2 f. "Revenue Fund" means the Housing System Revenue Fund  
3 created by Sec. 3 of this Act.

4 Sec. 2. There is hereby created the Housing System of the  
5 University which shall consist of all apartment, residence, dor-  
6 mitory, housing, dining, boarding, hospital, infirmary, parking,  
7 and student activity buildings and facilities and book stores of  
8 the University which are made a part of the Housing System by  
9 the Board.

10 Sec. 3. There is hereby created a special fund of the  
11 University to be known as the "Housing System Revenue Fund" which  
12 shall be completely segregated and set apart from all other funds  
13 of the University, shall be a trust fund for the uses and pur-  
14 poses herein provided, and into which shall be paid all revenues,  
15 fees, charges and rentals derived by the University from the  
16 ownership, lease, use or operation of the Housing System.

17 The moneys in the Revenue Fund shall be pledged or used only  
18 for the purpose of paying or securing the payment of the principal  
19 of and interest on the Bonds, for the purpose of paying or secur-  
20 ing the payment of the principal of and interest on any other  
21 revenue bonds of the University issued by authorization of the  
22 legislature to provide funds to acquire, construct and equip  
23 buildings, improvements and facilities which later are made a  
24 part of the Housing System as provided in Sec. 2 of this Act, the  
25 purpose of paying the normal and necessary costs of equipping,  
26 maintaining and operating the Housing System and all of the  
27 buildings, facilities and operations thereof, the purpose of  
28 paying the costs of renewals, replacements and normal and extra-  
29 ordinary repairs to the Housing System and all of the buildings,

1 facilities and equipment thereof, the purpose of redeeming ahead  
2 of their fixed maturity any and all revenue bonds of the Univer-  
3 sity issued for Housing System purposes, the purpose of providing  
4 funds to acquire, construct and equip necessary additions and  
5 improvements thereto and modifications and extensions of the  
6 buildings and facilities of the Housing System and the purpose of  
7 providing funds to pay any and all other normal and necessary  
8 costs relating to the ownership, use and operation of the Housing  
9 System.

10 Money in the Revenue Fund may be invested in direct obliga-  
11 tions of the United States of America maturing at least 30 days  
12 prior to the date on which such monies must be expended or  
13 transferred therefrom. The interest earned upon or any proceeds  
14 derived from the sale of such investments shall be deposited in  
15 and become a part of the Revenue Fund.

16 Sec. 4. The University may acquire, construct and equip or  
17 provide for the acquisition, construction and equipping of the  
18 Improvements, to wit: one or more apartment, residence, dormitory  
19 or dining facility buildings for students or staff members or both  
20 at the University as found necessary by the Board.

21 Sec. 5. For the purpose of providing part or all of the  
22 money necessary to acquire, construct and equip the Improvements,  
23 the issuance and sale of revenue bonds of the University in the  
24 total principal sum of not to exceed \$6,750,000 is hereby author-  
25 ized. The principal of and interest on such Bonds shall be paid  
26 out of and secured by the money required in Sec. 3 of this Act to  
27 be paid into the Revenue Fund and out of any other monies which  
28 the legislature may authorize to be pledged to such payment.

29 All of the Bonds when issued shall be payable out of the

1 same bond redemption fund on a parity basis. In the proceedings  
2 authorizing the issuance of the Bonds or the first part or series  
3 thereof the Board may provide conditions which must be complied  
4 with before additional revenue bonds of the University may be  
5 issued on a parity with the Bonds. Whenever the legislature  
6 authorizes the University to issue additional revenue bonds to  
7 acquire, construct or equip any apartment, residence, dormitory,  
8 housing, dining, boarding, hospital, infirmary, parking, and  
9 student activity buildings and facilities or book store, the  
10 Board shall determine whether such conditions can be met and  
11 whether the additional revenue bonds or any part thereof should  
12 be issued on a parity with the Bonds. Additional revenue bonds  
13 when issued on a parity with the Bonds are designated in this  
14 Act as "Parity Bonds".

15 The Board shall create a special bond redemption fund of  
16 the University which shall be a trust fund for paying and secur-  
17 ing the payment of the principal of and interest on the Bonds  
18 and any Parity Bonds, which fund shall be at all times set apart  
19 from all other funds of the University. The Board on behalf  
20 of the University may obligate and bind the University to set  
21 aside and pay into the bond redemption fund any part or parts  
22 of, or all of, or a fixed proportion of, or a fixed amount of the  
23 money in the Revenue Fund, and such other monies, that will be  
24 sufficient to pay the principal of and interest on the Bonds and  
25 of and on any Parity Bonds outstanding as they shall become due  
26 and, if determined necessary, to set aside and maintain adequate  
27 reserves therefor. The bond redemption fund shall be drawn upon  
28 solely for the purpose of paying the principal of and interest on  
29 the Bonds and any Parity Bonds, and the Bonds and Parity Bonds

1 shall not constitute a general obligation of the State of Alaska  
2 or the University.

3       Sec. 6. The Bonds may be sold in amounts or series and at  
4 time or times as determined by the Board. The Bonds or each  
5 series thereof shall be sold at such price so that the effective  
6 interest rate over the life of the Bonds sold shall not exceed  
7 six percent (6%) a year. Such interest shall be paid annually or  
8 semiannually, and no interest coupon shall evidence interest at a  
9 rate greater than six percent (6%). The Bonds shall mature at  
10 such time or times as fixed by the Board; may be sold at public  
11 or private sale; may be subject to redemption prior to their fixed  
12 maturity or maturities as determined by the Board and with such  
13 premium or premiums as fixed by the Board; may be in such deno-  
14 mination or denominations as determined by the Board; may be  
15 issued in coupon form and made payable to bearer, or may be regis-  
16 trable as to principal or principal and interest, or may be made  
17 payable to the purchaser or purchasers thereof, all under such  
18 regulations and conditions as the Board shall provide; shall be  
19 payable both principal and interest at such place or places as  
20 may be determined by the Board; shall be signed on behalf of the  
21 University by the president of the Board and shall be attested by  
22 the secretary of the Board, one of which signatures may be a  
23 facsimile signature; shall have the seal of the University im-  
24 pressed, printed or lithographed thereon, and each of the interest  
25 coupons attached thereto shall be signed by the facsimile signa-  
26 tures of said president and secretary; and shall be issued under  
27 and subject to such terms, conditions and covenants providing for  
28 the payment of the principal thereof and interest thereon and  
29 such other terms, conditions, covenants and protective features

1 safeguarding such payment and relating to the maintenance, opera-  
2 tion and improvement of the Improvements and other facilities of  
3 the Housing System as found necessary by the Board, which coven-  
4 ants may include but are not limited to a provision requiring the  
5 setting aside and maintaining of certain reserves to secure the  
6 payment of such principal and interest and a provision requiring  
7 the setting aside and maintaining of certain moneys to maintain,  
8 equip, repair, renew, renovate and replace the Improvements and  
9 all facilities and equipment used in connection therewith.

10 If found reasonably necessary, the Board may select a  
11 trustee or trustees for the owners and holders of the Bonds or  
12 any series thereof and/or for the safeguarding and disbursement  
13 of the proceeds of sale of the Bonds, and shall fix the rights,  
14 duties, powers and obligations of such trustee or trustees.

15 In its determination of all of the matters and questions  
16 relating to the issuance and sale of the Bonds and the fixing of  
17 the maturities, terms, conditions and covenants thereof, the  
18 decisions of the Board shall be those found to be reasonably  
19 necessary for the best interests of the University and its students  
20 and those which will accomplish the most advantageous sale of the  
21 Bonds, with due regard, however, to necessary or normal costs of  
22 maintenance and operation, renewals and replacements of and  
23 repairs to the Improvements and to other improvements and facili-  
24 ties owned, used, operated or leased by the University, the future  
25 growth and expansion of the University and all of its improvements  
26 and facilities, and the possibility of additional revenue bond  
27 financing for University purposes.

28 Sec. 7. The Board shall adopt the resolution or resolutions  
29 and prepare all other documents and proceedings necessary for the

1 issuance, sale and delivery of the Bonds or any part or series  
2 thereof. The resolution or resolutions shall fix the principal  
3 amount, denomination, date, maturities, place or places of pay-  
4 ment, rights of redemption if any, terms, form, conditions and  
5 covenants of the Bonds or each series thereof and their date and  
6 manner of sale, and shall provide for the publication of the  
7 notice of such sale if the same are to be sold at public sale.

8 The owner and holder of any Bond or the trustee for the  
9 owners and holders of the Bonds or any series thereof may by  
10 mandamus or other appropriate proceedings in the superior court,  
11 require and compel the transferring, setting aside and payment of  
12 money and the enforcement of all of the terms, conditions and  
13 covenants as provided in this Act and in the resolution or resolu-  
14 tions authorizing the issuance of the Bonds or any series thereof.

15 Sec. 8. The Bonds and the coupons attached thereto are  
16 fully negotiable instruments under the laws of the State of Alaska.

17 Sec. 9. Any part or all of the Bonds may be refunded at or  
18 prior to their maturity by the issuance of refunding revenue bonds  
19 of the University if, in the opinion of the Board, such refunding  
20 is advantageous to and in the best interest of the University.

21 The principal of and interest on such refunding revenue  
22 bonds shall be payable either from the same source or sources of  
23 money as pledged for the payment of the principal of and interest  
24 on the Bonds or from such other source or sources as may legally  
25 be provided or both. The Board shall create a special bond  
26 redemption fund of the University which shall be a trust fund  
27 for paying and securing the payment of the principal of and in-  
28 terest on such refunding revenue bonds, which fund shall be at all  
29 times completely segregated and set apart from all other funds

1 of the University. The Board, on behalf of the University, shall  
2 obligate and bind the University to set aside and pay into such  
3 fund any part or parts of, or all of, or a fixed proportion of,  
4 or a fixed amount of the money in the Revenue Fund, and such  
5 other moneys, that will be sufficient to pay the principal of and  
6 interest on the refunding revenue bonds as the same shall become  
7 due and, if deemed necessary, to set aside and maintain adequate  
8 reserves therefor. Such fund shall be drawn upon solely for  
9 the purpose of paying the principal of and interest on such  
10 refunding revenue bonds, and the refunding revenue bonds shall  
11 not constitute a general obligation of the State of Alaska or  
12 the University.

13 Any money set aside as revenues to secure the payment of  
14 the principal of and interest on the Bonds being refunded may  
15 be used either to pay the principal of, premium if any, and  
16 interest on such Bonds or may be retained by the University as  
17 reserves to secure the payment of the principal of and interest  
18 on such refunding revenue bonds to be issued. Such refunding  
19 revenue bonds may be sold at public or private sale and the  
20 proceeds of such sale, exclusive of accrued interest, shall be  
21 applied in payment of the Bonds being refunded, or the refunding  
22 revenue bonds may be exchanged privately for and in payment and  
23 discharge of a like or greater principal amount of the Bonds  
24 being refunded. The principal amount of such refunding revenue  
25 bonds may exceed the principal amount of the Bonds being refunded  
26 to the extent necessary to pay all costs incidental to such  
27 refunding and any premium required to redeem and retire the Bonds  
28 being refunded and to fund interest due or about to become due  
29 on such Bonds, and the holder or holders of any Bonds being

1 refunded need not pay accrued interest on the refunding bonds to  
2 be delivered in exchange therefor if and to the extent that  
3 interest is due or accrued and unpaid on the outstanding Bonds  
4 being refunded.

5 The effective rate of interest over the life of refunding  
6 revenue bonds shall not exceed six percent (6%) a year, and the  
7 costs of refunding and the amount of any premium which might be  
8 paid to effect the redemption of the outstanding Bonds being  
9 refunded shall not be considered in determining the effective  
10 rate of interest.

11 Refunding revenue bonds and the coupons attached thereto  
12 are fully negotiable instruments under the laws of the State of  
13 Alaska.

14 The issuance of refunding revenue bonds need not be autho-  
15 rized by an Act of the legislature, and the Board shall adopt  
16 the resolution or resolutions and prepare all other documents  
17 and proceedings necessary for the issuance, exchange or sale and  
18 delivery of such bonds.

19 The provisions of this Act relating to the maturities,  
20 payment, terms, conditions, covenants, issuance and sale of the  
21 revenue bonds shall be applicable to refunding revenue bonds  
22 except as may be otherwise specifically provided in this section.

23 Sec. 10. This Act shall be liberally construed in order to  
24 carry out the purposes for which it was adopted, and all existing  
25 laws in conflict with any of the provisions of this Act are super-  
26 seded insofar as necessary to accomplish the purposes of and  
27 carry out the provisions of this Act.

28 Sec. 11. This Act takes effect on the day after its passage  
29 and approval or on the day it becomes law without such approval.