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1 IN THE HOUSE

BY SASSARA

2 HOUSE BILL NO. 264

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the acquisition, equipping and  
7 construction of a state freezer ship and to the  
8 issuance and sale of not to exceed \$5,000,000 of  
9 negotiable revenue bonds of the state to provide  
10 money to pay part or all of the cost thereof; creating  
11 a state freezer ship construction fund and making an  
12 appropriation therefrom; creating a state freezer ship  
13 revenue fund; creating a state freezer ship 1967  
14 revenue bond redemption fund; relating to the payment  
15 and refunding of such bonds and the enforcement of  
16 the covenants thereof; and providing for an effective  
17 date."

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

19 \* Section 1. The state is authorized to acquire, equip and construct a  
20 state freezer ship and to acquire additional improvements and facilities  
21 for the effective operation and utilization of the state freezer ship.

22 \* Sec. 2. For the purpose of providing part or all of the money to be  
23 used, with or without grants or other money which may become available, the  
24 issuance and sale of revenue bonds of the state in the total principal sum  
25 of not to exceed \$5,000,000 is authorized to acquire, equip and construct  
26 the state freezer ship and to acquire additional improvements and facilities  
27 for the effective operation and utilization of the state freezer ship  
28 authorized in sec. 1 of this Act. The principal of and interest on such  
29 bonds shall be paid out of and secured by the gross revenues derived by the

HB 264

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1 state from the ownership, lease, use and operation of the state freezer ship,  
2 and out of any other revenues or money which the state legislature may later  
3 provide exclusive of any state tax or license.

4 \* Sec. 3. There is hereby created a special fund of the state to be  
5 known as the "state freezer ship 1967 construction fund", into which shall  
6 be paid the proceeds of the sale of the bonds, except for any accrued  
7 interest paid thereon which shall be paid into the bond redemption fund,  
8 and grants or other money which are legally provided for the same purposes  
9 for which the bonds are authorized. The money in the construction fund shall  
10 be used for the sole purpose of paying all of the costs of acquiring, equip-  
11 ping and constructing the state freezer ship and for the cost of acquiring  
12 additional improvements and facilities for the effective operation and  
13 utilization of the state freezer ship and all costs incidental thereto,  
14 including costs of the authorization, issuance and sale of the bonds. For  
15 the purpose of carrying out the provisions of this Act there is hereby  
16 appropriated from the construction fund the sum of \$5,000,000 together with  
17 the amounts of any such grants or other money paid into such fund for the  
18 same purposes. Money in the construction fund may be invested in direct  
19 obligations of the United States of America maturing at least 30 days prior  
20 to the date on which money will be needed to pay construction or incidental  
21 costs. The interest earned upon, or any profits derived from the sale of  
22 such investments shall be deposited in and become a part of the construction  
23 fund.

24 \* Sec. 4. There is hereby created another special fund of the state to  
25 be known as the "state freezer ship revenue fund", which shall be completely  
26 segregated and set apart from all other funds of the state, shall be a trust  
27 fund for the uses and purposes herein provided, and into which shall be paid  
28 all revenues, fees, charges and rentals derived by the state from the owner-  
29 ship, lease, use and operation of the state freezer ship. Such revenues,

1 charges, fees and rentals shall not include the proceeds of any state tax or  
2 license. The money in the revenue fund shall only be pledged or used for  
3 the purpose of paying or securing the payment of the principal of and inter-  
4 est on the bonds and of and on any other revenue bonds issued by authoriza-  
5 tion of the legislature to provide funds to acquire, equip and construct the  
6 state freezer ship and to acquire additional improvements and facilities  
7 for the effective operation and utilisation of the state freezer ship and  
8 to be payable out of the revenue fund, the purpose of paying the normal  
9 and necessary costs of maintaining and operating the state freezer ship  
10 and all of the improvements and facilities thereof, the purpose of paying  
11 the costs of renewals, replacements and extraordinary repairs to the freezer  
12 ship and all of the improvements and facilities thereof, the purpose of  
13 redeeming ahead of their fixed maturities any and all revenue bonds issued  
14 for state freezer ship purposes, the purpose of providing funds to acquire,  
15 construct and install necessary improvements to the state freezer ship and  
16 all of its additions and facilities, and the purpose of providing funds to  
17 pay any and all other normal and necessary costs relating to the ownership,  
18 use and operation of the state freezer ship. Moneys in the revenue fund  
19 may be invested in direct obligations of the United States of America  
20 maturing at least 30 days prior to the date on which such moneys must be  
21 expended or transferred therefrom. The interest earned upon, or any profits  
22 derived from the sale of, such investments shall be deposited in and become  
23 a part of the revenue fund.

24 \* Sec. 5. There is hereby created another special fund of the state to  
25 be known as the "state freezer ship 1967 revenue bond redemption fund",  
26 which shall be a trust fund for paying and securing the payment of the  
27 principal of and interest on the bonds and which shall be at all times  
28 completely segregated and set apart from all other funds of the state. The  
29 state bond committee, on behalf of the state, shall obligate and bind the

1 state to set aside and pay into the bond redemption fund any part or parts  
2 of, or all of, or a fixed proportion of, or a fixed amount of the money in  
3 the revenue fund sufficient to pay the principal of and interest on the bonds  
4 as the same shall become due and, if it deems necessary, to set aside and  
5 maintain reserves therefor. The bond redemption fund shall be drawn upon  
6 for the purpose of paying the principal of and interest on the bonds, and  
7 the bonds shall not constitute a general obligation of the state.

8 \* Sec. 6. (a) The bonds shall be sold in such amounts or series and at  
9 such time or times as determined by the committee. The bonds, or each  
10 series thereof, shall be sold at such price so that the effective interest  
11 rate over the life thereof shall not exceed six per cent (6%) per annum.  
12 Interest shall be payable annually or semiannually, and no interest coupon  
13 shall evidence interest at a rate greater than six per cent (6%).

14 (b) The bonds shall mature at such time or times as fixed by the  
15 committee; shall be sold at public sale, and notice of the sale shall be  
16 published at least once a week for two consecutive weeks in newspapers of  
17 general circulation in each of the four judicial districts of the state and  
18 the first of each publications shall be at least twenty days prior to the  
19 sale date; may be subject to redemption prior to their fixed maturities as  
20 determined by the committee and with such premium or premiums as fixed by  
21 the committee; may be in denominations determined by the committee; may be  
22 issued in coupon form and made payable to bearer, or may be registrable as  
23 to principal or principal and interest, or may be made payable to the pur-  
24 chaser or purchasers thereof, all under such regulations and conditions as  
25 the committee shall provide; shall be payable both principal and interest at  
26 such place or places as may be determined by the committee; shall be signed  
27 on behalf of the state by the governor and shall be attested by the secretary  
28 of state, one of which signatures may be a facsimile signature; shall have  
29 the seal of the state impressed, printed or lithographed thereon, and each

1 of the interest coupons attached thereto shall be signed by the facsimile  
2 signatures of said officials; shall be issued under and subject to such  
3 terms, conditions and covenants providing for the payment of the principal  
4 thereof and interest thereon and such other terms, conditions, covenants and  
5 protective features safeguarding such payment and relating to the maintenance  
6 operation and improvement of the state freezer ship as found necessary by  
7 the committee, which covenants may include a provision requiring the setting  
8 aside and maintaining of certain reserves to secure the payment of such  
9 principal and interest. The committee may provide that any additional bonds  
10 hereafter authorized by the legislature to be payable out of the same source  
11 or sources as the bonds authorized by this Act may later be issued on a  
12 parity with the bonds authorized by this Act upon compliance with any con-  
13 ditions which the committee may prescribe.

14 (c) If found reasonably necessary, the committee may select a trustee  
15 or trustees for the owners and holders of the bonds or any series thereof  
16 and/or for the safeguarding and disbursement of the moneys in the construc-  
17 tion fund, and shall fix the rights, duties, powers and obligations of such  
18 trustee or trustees.

19 (d) In its determination of all of the matters and questions relating to  
20 the issuance and sale of the bonds and the fixing of the maturities, terms,  
21 conditions and covenants thereof as above provided, the decisions of the com-  
22 mittee shall be those found to be reasonably necessary for the best interests  
23 of the state and its inhabitants, and those which will accomplish the most  
24 advantageous sale of the bonds, with due regard, however, to necessary or  
25 normal costs of maintenance and operation, renewals and replacements of and  
26 repairs to the state freezer ship and to all improvements to and facilities  
27 thereof owned, used, operated or leased in connection therewith, the future  
28 growth and expansion of the state freezer ship and all of such facilities,  
29 and the possibility of additional revenue bond financing for state freezer

1 ship purposes.

2 \* Sec. 7. The state bond committee is authorized and directed to adopt the  
3 resolution or resolutions (herein called the "bond resolution or resolutions")  
4 and prepare all other documents and proceedings necessary for the issuance,  
5 sale and delivery of the bonds or any part or series thereof. The resolution  
6 or resolutions shall fix the principal amount, denomination, date, maturities  
7 place or places of payment, rights of redemption if any, terms, form, condi-  
8 tions and covenants of the bonds or each series thereof, and their date and  
9 manner of sale, and shall provide whether the notice of sale is to be pub-  
10 lished elsewhere in addition to the publication required by sec. 6 of this  
11 Act. The owner and holder of any bonds, or the trustee for the owners and  
12 holders of the bonds or any series thereof, may by mandamus or other appro-  
13 priate proceedings in the courts of record of the state, require and compel  
14 the transfer, setting aside and payment of money and the enforcement of all  
15 of the terms, conditions and covenants as required and provided in this Act  
16 and in the bond resolution or resolutions.

17 \* Sec. 8. The state bond committee shall, on or before December 31 of  
18 each year commencing with the year in which the bonds are issued, certify to  
19 the commissioners of revenue and public works the amounts required in the  
20 next ensuing calendar year by the bond resolution or resolutions to be paid  
21 out of the revenue fund into the bond redemption fund and to be paid into and  
22 maintained in any reserve fund or account or any other fund or account  
23 created by the bond resolution or resolutions, and shall also certify to the  
24 commissioners the last date or dates upon which payments may be made.

25 \* Sec. 9. The bonds and the coupons attached thereto are fully negotiable  
26 instruments under the laws of the state.

27 \* Sec. 10. The commissioner of public works shall fix and collect such  
28 fees, charges and rentals derived by the state from the ownership, lease,  
29 use and operation of the state freezer ship as will provide revenues suffi-

1 sient to comply with all of the covenants of the bond resolution or resolu-  
2 tions, and the commissioner of public works is also charged with the duty  
3 of insuring that all other covenants of the bond resolution or resolutions  
4 are complied with.

5 \* Sec. 11. (a) The bonds or any part of them may be refunded at or  
6 prior to their maturity by the issuance of refunding revenue bonds of the  
7 state if in the opinion of the state bond committee refunding is advantageous  
8 to and in the best interests of the state and its inhabitants.

9 (b) The principal of and interest on such refunding revenue bonds  
10 shall be payable from the same source or sources of money as pledged for  
11 the payment of the principal of and interest on the bonds or from such other  
12 source or sources as may legally be provided, or from both. Refunding bonds  
13 shall not constitute a general obligation of the state, nor shall the proceeds  
14 of any state tax or license be pledged to their payment. Any money set  
15 aside as reserves to secure the payment of the principal of and interest  
16 on the bonds being refunded may be used either to pay the principal of,  
17 premium if any, and interest on such bonds or may be retained by the state  
18 as reserves to secure the payment of the principal of and interest on such  
19 refunding revenue bonds to be issued. Such refunding revenue bonds may be  
20 sold at public or private sale, and the proceeds of sale, exclusive of  
21 accrued interest, shall be applied in payment of the bonds being refunded,  
22 or such refunding revenue bonds may be exchanged for and in payment and  
23 discharge of a like or greater amount of the bonds being refunded. The  
24 principal amount of the refunding revenue bonds may exceed the principal  
25 amount of the bonds being refunded to the extent necessary to pay all costs  
26 incidental to the refunding and any premium required to redeem and retire  
27 the bonds being refunded and/or to fund interest due or about to become  
28 due on the bonds. The holder or holders of any bonds being refunded need  
29 not pay accrued interest on the refunding bonds to be delivered in exchange

1 therefor if and to the extent that interest is due or accrued and unpaid  
2 on the outstanding bonds being refunded.

3 (c) The effective rate of interest over the life of such refunding  
4 revenue bonds shall not exceed six per cent (6%) per annum, and the costs  
5 of such refunding and the amount of any premium which might be paid to  
6 effect the redemption of the outstanding bonds being refunded shall not be  
7 considered in determining such effective rate of interest.

8 (d) Refunding revenue bonds and coupons are fully negotiable instru-  
9 ments under the laws of the state.

10 (e) The issuance of refunding revenue bonds need not be authorized  
11 by the qualified voters of the state or by an act of the legislature, and  
12 the state bond committee is authorized and directed to adopt the resolution  
13 or resolutions and prepare all other documents and proceedings necessary  
14 for the issuance, exchange or sale, and delivery of such bonds.

15 (f) The state bond committee shall create a special bond redemption  
16 fund of the state which shall be a trust fund for paying and securing the  
17 payment of the principal of and interest on such refunding revenue bonds,  
18 which fund shall be at all times completely segregated and set apart from  
19 all other funds of the state. The state bond committee, on behalf of the  
20 state, shall obligate and bind the state to set aside and pay into such  
21 bond redemption fund any part or parts of, or all of, or a fixed proportion  
22 of, or a fixed amount of the money in the revenue fund sufficient to pay  
23 the principal of and interest on such refunding revenue bonds as they become  
24 due and, if deemed necessary, the committee may set aside and maintain  
25 reserves for payment of principal and interest on the refunding revenue  
26 bonds. The bond redemption fund shall be drawn upon solely for the purpose  
27 of paying the principal of and interest on the refunding revenue bonds.

28 (g) The provisions of this Act relating to the maturities, payments,  
29 terms, conditions, covenants, issuance and sale of the bonds shall be

1 applicable to refunding revenue bonds except as may be otherwise specifically  
2 provided in this section.

3 \* Sec. 12. This Act shall be liberally construed in order to carry out  
4 the purposes for which it was adopted, and all existing laws in conflict  
5 with any of the provisions of this Act are hereby superseded insofar as  
6 necessary to accomplish the purposes of and carry out the provisions of  
7 this Act.

8 \* Sec. 13. As used in this Act, unless the context otherwise requires:

- 9 (1) "state" means the State of Alaska;
- 10 (2) "state freezer ship" means the freezer ship owned and  
11 operated by the state;
- 12 (3) "bonds" means the state freezer ship revenue bonds authorized  
13 by this Act;
- 14 (4) "revenue fund" means the state freezer ship revenue fund  
15 created by this Act;
- 16 (5) "construction fund" means the state freezer ship 1967 construc-  
17 tion fund created by this Act;
- 18 (6) "committee" means the state bond committee (created by  
19 AS 37.15.110), or any other committee, body, department or officer of the  
20 state which or who shall succeed to the rights, powers, duties and obliga-  
21 tions of the state bond committee by lawful act of the legislature;
- 22 (7) "bond redemption fund" means the state freezer ship 1967  
23 revenue bond redemption fund created by this Act and any accounts which are  
24 hereafter created in this fund;
- 25 (8) "commissioner of public works" means the principal executive  
26 officer of the Department of Public Works of the state as provided in  
27 AS 44.43.010, or his successor;
- 28 (9) "commissioner of revenue" means the principal executive  
29 officer of the Department of Revenue of the state as provided in AS 44.25.010.

1 or his successor.

2 \* Sec. 14. This Act takes effect on the day after its passage and approval  
3 or on the day it becomes law without approval.

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