

Original sponsor: Rules Committee by request
of the Governor

Offered: 2/29/68
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 407

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the International Airports
7 Revenue Bonds; and providing for an effective date."

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

9 * Section 1. Sec. 1e, Ch. 88, SLA 1961, is amended to read:

10 e. "Construction Fund" means the International Airports [1961]
11 Construction Fund created by this Act.

12 * Sec. 2. Sec. 1g, Ch. 88, SLA 1961, is amended to read:

13 g. "Bond Redemption Fund" means the International Airports [1961]
14 Revenue Bond Redemption Fund created by this Act, including [AND] any
15 accounts which are hereafter created in said Fund.

16 * Sec. 3. Sec. 1, Ch. 88, SLA 1961, is amended by adding a new subsection
17 to read:

18 j. "Bond resolution" means the resolution or resolutions authoriz-
19 ing the issuance of bonds, adopted by the Committee under Sec. 8 of
20 this Act.

21 * Sec. 4. Sec. 2, Ch. 88, SLA 1961, is amended to read:

22 Sec. 2. The state is authorized to acquire, equip, construct
23 and install additions and improvements to and extensions of the air-
24 ports, [AND] facilities for the landing, parking, loading, storing,
25 repairing, safety and [,] utility of aircraft at the airports and [,]
26 passenger, freight and terminal facilities, including [AND ACQUIRE]
27 safety equipment and devices at the airports, found to be necessary
28 by the Commissioner of Public Works.

29 * Sec. 5. Sec. 4, Ch. 88, SLA 1961, is amended to read:

1 Sec. 4. There is hereby created a special fund of the state to
2 be known as the "International Airports [1961] Construction Fund,"
3 into which shall be paid the proceeds of the sale of the bonds [,]
4 (except [FOR] any accrued interest paid thereon, which shall be paid
5 into the Bond Redemption Fund) [,] and any grants or other moneys
6 which are legally provided for the same purposes for which the bonds
7 are authorized. The moneys in the Construction Fund shall be used to
8 pay [FOR THE SOLE PURPOSE OF PAYING ALL OF] the costs of acquiring,
9 equipping, constructing and installing additions and improvements to
10 and extensions of and facilities for the airports and [ALL] costs
11 incidental thereto, including costs of the authorization, issuance
12 and sale of the bonds. To the extent provided in the bond resolution,
13 moneys in the Construction Fund may also be used for the payment of
14 interest on the bonds during the period of actual construction, and
15 for such further period, not exceeding one year after the period of
16 construction, as may be provided in the bond resolution. Moneys in
17 the Construction Fund may also be transferred to the Bond Redemption
18 Fund, to the extent provided in the bond resolution, to establish a
19 reserve for the payment of the principal of and interest on the bonds.
20 For the purpose of carrying out the provisions of this Act there is
21 hereby appropriated from the Construction Fund the sum of \$7,000,000
22 together with the amounts of any such grants or other moneys paid
23 into such fund for the same purpose.

24 The bond resolution may provide for the investment of moneys in
25 the Construction Fund in such manner as the Committee may determine
26 [MONEYS IN THE CONSTRUCTION FUND MAY BE INVESTED IN DIRECT OBLIGATIONS
27 OF THE UNITED STATES OF AMERICA MATURING AT LEAST THIRTY DAYS PRIOR
28 TO THE DATE ON WHICH SUCH MONEYS WILL BE NEEDED TO PAY SUCH CONSTRUCTION
29 OR INCIDENTAL COSTS]. The interest earned upon, or any profits derived

1 from the sale of, such investments shall be deposited in and become
2 a part of the Construction Fund.

3 * Sec. 6. Sec. 5, Ch. 88, SLA 1961, is amended to read:

4 Sec. 5. There is hereby created another special fund of the state
5 to be known as the "International Airports Revenue Fund," which shall
6 be completely segregated and set apart from all other funds of the
7 state, shall be a trust fund for the uses and purposes herein provided,
8 and into which shall be paid all revenues, fees, charges and rentals
9 derived by the state from the ownership, lease, use and operation
10 of the airports and all of the facilities and improvements thereof and
11 facilities and improvements used in connection therewith. Such
12 revenues, charges, fees and rentals shall not include the proceeds
13 of any state tax or license. The moneys in the Revenue Fund shall
14 only be [PLEGGED OR] used for the purpose of paying or securing the
15 payment of the principal of and interest on the bonds and of and on
16 any other revenue bonds issued by authorization of the legislature to
17 provide funds to acquire, equip, construct and install additions and
18 improvements to, and extensions of and facilities for, the airports
19 and to be payable out of the Revenue Fund, the purpose of paying the
20 normal and necessary costs of maintaining and operating the airports
21 and all of the improvements and facilities thereof, the purpose of
22 paying the costs of renewals, replacements and extraordinary repairs
23 to the airports and all of the improvements and facilities thereof,
24 the purpose of redeeming before [AHEAD OF] their fixed maturities any
25 and all revenue bonds issued for the [AIRPORT] purposes of the airports
26 the purpose of providing funds to acquire, construct and install neces-
27 sary additions and improvements to and extensions of and facilities
28 for the airports and all of their facilities, and the purpose of pro-
29 viding funds to pay any and all other [NORMAL AND NECESSARY] costs

1 relating to the ownership, use and operation of the airports.

2 The bond resolution may provide for the investment of moneys in
3 the Revenue Fund in such manner as the Committee may determine [MONEYS
4 IN THE REVENUE FUND MAY BE INVESTED IN DIRECT OBLIGATIONS OF THE UNITED
5 STATES OF AMERICA MATURING AT LEAST THIRTY DAYS PRIOR TO THE DATE ON
6 WHICH SUCH MONEYS MUST BE EXPENDED OR TRANSFERRED THEREFROM]. The
7 interest earned upon, or any profits derived from the sale of, such in-
8 vestments shall be deposited in and become a part of the Revenue Fund.

9 ■ Sec. 7. Sec. 6, Ch. 88, SLA 1961, is amended to read:

10 Sec. 6. There is hereby created another special fund of the
11 state to be known as the "International Airports [1961] Revenue Bond
12 Redemption Fund," which shall be a trust fund for paying and securing
13 the payment of the principal of and interest and redemption premium,
14 if any, on the bonds and which shall be at all times completely segre-
15 gated and set apart from all other funds of the state. The [STATE
16 BOND] Committee, on behalf of the state, shall obligate and bind the
17 state to set aside and pay into the Bond Redemption Fund any part or
18 parts of, or all of, or a fixed proportion of, or a fixed amount of
19 the money in the Revenue Fund sufficient to pay the principal of and
20 interest and redemption premium, if any, on the bonds as the same shall
21 become due and, if it deems necessary, to set aside and maintain
22 reserves therefor. The Bond Redemption Fund shall be drawn upon for
23 the purpose of paying the principal of and interest and redemption
24 premium, if any, on the bonds, and the bonds shall not constitute a
25 general obligation of the state.

26 ■ Sec. 8. Sec. 7, Ch. 88, SLA 1961, is amended to read:

27 Sec. 7. The bonds shall be sold in such amounts or series and at
28 such time or times as determined by the Committee. The bonds, or each
29 series thereof, shall be sold at such price so that the effective

1 interest rate over the life thereof shall not exceed seven [SIX] per
2 cent (7%) [(6%)] per annum. Interest shall be payable annually or
3 semiannually, and no interest coupon shall evidence interest at a rate
4 greater than seven [SIX] per cent (7%) per annum [(6%)].

5 The bonds shall mature at such time or times as fixed by the
6 Committee and [;] shall be sold at public sale, and notice of the sale
7 shall be published at least once a week for two consecutive weeks
8 in a newspaper [NEWSPAPERS] of general circulation in each of the four
9 most populous [MAJOR] senatorial districts of the state as established
10 by the last federal census before the sale. The [AND THE] first such
11 publication in each district [OF EACH PUBLICATIONS] shall be at least
12 twenty days prior to the sale date. The bonds [;] may be subject to
13 redemption prior to their fixed maturities as determined by the Com-
14 mittee and with such premium or premiums as fixed by the Committee,
15 but no bond shall be subject to redemption before its fixed maturity
16 date unless the right so to redeem that bond is expressly mentioned
17 on the face of the bond. The bonds [;] may be in denominations deter-
18 mined by the Committee; may be issued in coupon form or in fully
19 registered form, and [AND MADE PAYABLE TO BEARER, OR] may be regis-
20 trable as to principal or both principal and interest, [OR MAY BE MADE
21 PAYABLE TO THE PURCHASER OR PURCHASERS THEREOF,] all under such regu-
22 lations and conditions as the Committee shall provide; shall be
23 payable as to [BOTH] principal and interest at such place or places
24 as may be determined by the Committee; shall be signed on behalf of
25 the state by the Governor and shall be attested by the Secretary of
26 State, both [ONE] of which signatures may be [A] facsimile signatures
27 [SIGNATURE]; shall have the seal of the state impressed, printed or
28 lithographed thereon, and each of the interest coupons attached
29 thereto shall be signed by the facsimile signatures of said officials;

1 shall be issued under and subject to such terms, conditions and
2 covenants providing for the payment of the principal thereof and
3 interest thereon and such other terms, conditions, covenants and
4 protective features safeguarding such payment and relating to the
5 maintenance, operation and improvement of the airports as found
6 necessary by the Committee, which covenants may include a provision
7 requiring the setting aside and maintenance [MAINTAINING] of certain
8 reserves to secure the payment of such principal and interest. The
9 Committee may provide that any additional bonds hereafter authorized
10 by the Legislature to be payable out of the same source or sources as
11 the bonds authorized by this Act may later be issued on a parity with
12 the bonds authorized by this Act upon compliance with any conditions
13 which the Committee may prescribe.

14 If found reasonably necessary, the Committee may select a trustee
15 or trustees for the [OWNERS AND] holders of the bonds or any series
16 thereof, [AND/OR] for the safeguarding and disbursement of any of the
17 moneys in any of the funds created by this Act, or for such duties
18 with respect to the authentication, delivery and registration of the
19 bonds as the Committee may determine [THE CONSTRUCTION FUND], and shall
20 fix the rights, duties, powers and obligations of such trustee or
21 trustees.

22 In its determination of all of the matters and questions
23 relating to the issuance and sale of the bonds and the fixing of the
24 maturities, terms, conditions and covenants thereof as above provided,
25 the decisions of the Committee shall be those found to be reasonably
26 necessary for the best interests of the state and its inhabitants,
27 and those which will accomplish the most advantageous sale of the
28 bonds, with due regard, however, to necessary or normal costs of
29 maintenance and operation, renewals and replacements of and repairs

1 to the airports and to all improvements thereto [TO] and facilities
2 thereof owned, used, operated or leased in connection therewith, the
3 future growth and expansion of the airports and all of such facilities,
4 and the possibility of additional revenue bond financing for airports
5 purposes. Any such decisions of the Committee, as expressed in any
6 bond resolution, shall be final and conclusive when any bonds have
7 been issued pursuant to the bond resolution.

8 Any bond resolution may provide that the bonds issued thereunder
9 shall contain a recital that they are issued pursuant to this Act,
10 and any such bonds containing such recital shall be conclusively
11 deemed to be valid and to have been issued in conformity with this Act.

12 The validity of the authorization and issuance of bonds shall
13 not be affected by any proceedings for the acquisition or construction
14 of the additions, improvements, extensions or facilities for which
15 the bonds have been issued or by any contracts in connection with
16 such acquisition or construction.

17 * Sec. 9. Sec. 8, Ch. 88, SLA 1961, is amended to read:

18 Sec. 8. The [STATE BOND] Committee is authorized and directed
19 to adopt the bond resolution [OR RESOLUTIONS (HEREIN CALLED THE
20 "BOND RESOLUTION OR RESOLUTIONS")] and prepare all other documents
21 and proceedings necessary for the issuance, sale and delivery of the
22 bonds or any part or series thereof. The bond resolution [OR RESOLU-
23 TIONS] shall fix the principal amount, denomination, date, maturities,
24 place or places of payment, rights of redemption, if any, terms, form,
25 conditions and covenants of the bonds or each series thereof. The
26 Committee shall also determine and provide for the [, AND THEIR] date
27 and manner of sale of the bonds, and shall provide whether the notice
28 of sale is to be published elsewhere in addition to the publication
29 required by Sec. 7 of this Act.

1 The [OWNER AND] holder of any bonds, or the trustee for the
2 [OWNERS AND] holders of the bonds or any series thereof, may by [BE
3 MANDAMUS OR OTHER] appropriate proceedings in the courts of record of
4 the state, require and compel the transfer, setting aside and payment
5 of money and the enforcement of all of the terms, conditions and
6 covenants as required and provided in this Act and in the bond resolu-
7 tion [OR RESOLUTIONS].

8 * Sec. 10. Sec. 11, Ch. 88, SLA 1961, is amended to read:

9 Sec. 11. The Commissioner of Public Works shall fix and collect
10 such fees, charges and rentals derived by the state from the ownership,
11 lease, use and operation of the airports and all of the facilities and
12 improvements thereof or [AND] used in connection therewith as will
13 provide revenues sufficient to comply with all of the covenants of the
14 bond resolution [OR RESOLUTIONS, AND THE COMMISSIONER OF PUBLIC WORKS
15 IS ALSO CHARGED WITH THE DUTY OF INSURING THAT ALL OTHER COVENANTS OF
16 THE BOND RESOLUTION OR RESOLUTIONS ARE COMPLIED WITH].

17 * Sec. 11. Sec. 12, Ch. 88, SLA 1961, is amended to read:

18 Sec. 12. The bonds or any part of them may be refunded at or
19 prior to their maturity by the issuance of refunding revenue bonds of
20 the state if in the opinion of the [STATE BOND] Committee refunding
21 is advantageous to and in the best interests of the state and its
22 inhabitants.

23 [THE PRINCIPAL OF AND INTEREST ON SUCH REFUNDING REVENUE BONDS
24 SHALL BE PAYABLE FROM THE SAME SOURCE OR SOURCES OF MONEY AS PLEDGED
25 FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS FROM
26 SUCH OTHER SOURCE OR SOURCES AS MAY LEGALLY BE PROVIDED, OR FROM
27 BOTH. REFUNDING BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF
28 THE STATE, NOR SHALL THE PROCEEDS OF ANY STATE TAX OR LICENSE BE
29 PLEDGED TO THEIR PAYMENT. ANY MONEY SET ASIDE AS RESERVES TO SECURE

1 THE PAYMENT OF THE PRINCIPAL OF AND INTEREST OF THE BONDS BEING RE-
2 FUNDED MAY BE USED EITHER TO PAY THE PRINCIPAL OF, PREMIUM IF ANY,
3 AND INTEREST ON SUCH BONDS OR MAY BE RETAINED BY THE STATE AS RESERVES
4 TO SECURE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH REFUND-
5 ING REVENUE BONDS TO BE ISSUED. SUCH REFUNDING REVENUE BONDS MAY BE
6 SOLD AT PUBLIC OR PRIVATE SALE, AND THE PROCEEDS OF SALE, EXCLUSIVE
7 OF ACCRUED INTEREST, SHALL BE APPLIED IN PAYMENT OF THE BONDS BEING
8 REFUNDED, OR SUCH REFUNDING REVENUE BONDS MAY BE EXCHANGED FOR AND IN
9 PAYMENT AND DISCHARGE OF A LIKE OR GREATER AMOUNT OF THE BONDS BEING
0 REFUNDED. THE PRINCIPAL AMOUNT OF THE REFUNDING REVENUE BONDS MAY
11 EXCEED THE PRINCIPAL AMOUNT OF THE BONDS BEING REFUNDED TO THE EXTENT
12 NECESSARY TO PAY ALL COSTS INCIDENTAL TO THE REFUNDING AND ANY PREMIUM
13 REQUIRED TO REDEEM AND RETIRE THE BONDS BEING REFUNDED AND/OR TO FUND
14 INTEREST DUE OR ABOUT TO BECOME DUE ON THE BONDS. THE HOLDER OR
15 HOLDERS OF ANY BONDS BEING REFUNDED NEED NOT PAY ACCRUED INTEREST ON
16 THE REFUNDING BONDS TO BE DELIVERED IN EXCHANGE THEREFOR IF AND TO THE
17 EXTENT THAT INTEREST IS DUE OR ACCRUED AND UNPAID ON THE OUTSTANDING
18 BONDS BEING REFUNDED.

19 THE EFFECTIVE RATE OF INTEREST OVER THE LIFE OF SUCH REFUNDING
20 REVENUE BONDS SHALL NOT EXCEED SIX PER CENT (6%) PER ANNUM, AND THE
21 COSTS OF SUCH REFUNDING AND THE AMOUNT OF ANY PREMIUM WHICH MIGHT BE
22 PAID TO EFFECT THE REDEMPTION OF THE OUTSTANDING BONDS BEING REFUNDED
23 SHALL NOT BE CONSIDERED IN DETERMINING SUCH EFFECTIVE RATE OF INTEREST.

24 REFUNDING REVENUE BONDS AND COUPONS ARE FULLY NEGOTIABLE INSTRU-
25 MENTS UNDER THE LAWS OF THE STATE.]

26 The issuance of refunding [REVENUE] bonds need not be authorized
27 by [THE QUALIFIED VOTERS OF THE STATE OR BY] an act of the legislature,
28 and the [STATE BOND] Committee is authorized and directed to adopt the
29 resolution or resolutions and prepare all other documents and proceedings

1 necessary for the issuance, exchange or sale, and delivery of such
2 bonds. All provisions of this Act applicable to revenue bonds are
3 applicable to the refunding bonds and to the issuance, sale or ex-
4 change thereof, except as otherwise provided in this section.

5 Refunding bonds may be issued in a principal amount sufficient
6 to provide funds for the payment of all bonds to be refunded thereby,
7 and in addition for the payment of all expenses incident to the
8 calling, retiring or paying of such outstanding bonds, and the
9 issuance of such refunding bonds. These expenses include the
10 difference in amount between the par value of the refunding bonds
11 and any amount less than par for which the refunding bonds are sold,
12 any amount necessary to be made available for the payment of interest
13 upon such refunding bonds from the date of sale thereof to the date
14 of payment of the bonds to be refunded or to the date upon which the
15 bonds to be refunded will be paid pursuant to the call thereof or
16 agreement with the holders thereof, and the premium, if any, necessary
17 to be paid in order to call or retire the outstanding bonds and the
18 interest accruing thereon to the date of the call or retirement.

19 [THE STATE BOND COMMITTEE SHALL CREATE A SPECIAL BOND REDEMPTION
20 FUND OF THE STATE WHICH SHALL BE A TRUST FUND FOR PAYING AND SECURING
21 THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH REFUNDING REVENUE
22 BONDS, WHICH FUND SHALL BE AT ALL TIMES COMPLETELY SEGREGATED AND SET
23 APART FROM ALL OTHER FUNDS OF THE STATE. THE STATE BOND COMMITTEE,
24 ON BEHALF OF THE STATE, SHALL OBLIGATE AND BIND THE STATE TO SET ASIDE
25 AND PAY INTO SUCH BOND REDEMPTION FUND ANY PART OR PARTS OF, OR ALL OF,
26 OR A FIXED PROPORTION OF, OR A FIXED AMOUNT OF THE MONEY IN THE REVENUE
27 FUND SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON SUCH REFUNDING
28 REVENUE BONDS AS THEY BECOME DUE AND, IF DEEMED NECESSARY, THE
29 COMMITTEE MAY SET ASIDE AND MAINTAIN RESERVES FOR PAYMENT OF PRINCIPAL

1 AND INTEREST ON THE REFUNDING REVENUE BONDS. THE BOND REDEMPTION
2 FUND SHALL BE DRAWN UPON SOLELY FOR THE PURPOSE OF PAYING THE PRINCIPAL
3 OF AND INTEREST ON THE REFUNDING REVENUE BONDS.

4 THE PROVISIONS OF THIS ACT RELATING TO THE MATURITIES, PAYMENTS,
5 TERMS, CONDITIONS, COVENANTS, ISSUANCE AND SALE OF THE BONDS SHALL
6 BE APPLICABLE TO REFUNDING REVENUE BONDS EXCEPT AS MAY BE OTHERWISE
7 SPECIFICALLY PROVIDED IN THIS SECTION.]

8 * Sec. 12. Ch. 88, SLA 1961, is amended by adding a new section to read:

9 Sec. 15. The bonds are legal investments for all banks, trust
10 companies, savings banks, savings and loan associations and other
11 persons carrying on a banking business, all insurance companies and
12 other persons carrying on an insurance business, and all executors,
13 administrators, trustees and other fiduciaries. The bonds may be
14 accepted as security for deposits of all funds of the state and its
15 political subdivisions.

16 * Sec. 13. This Act takes effect on the day after its passage and
17 approval or on the day it becomes law without approval.