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Referred: State Affairs
and Finance

1 IN THE HOUSE

BY GUESS

2 HOUSE BILL NO. 535

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Native Crafts Corporation."

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

8 * Section 1. AS 44 is amended by adding a new chapter to read:

9 CHAPTER 58. ALASKA NATIVE CRAFTS CORPORATION.

10 ARTICLE 1. CREATION AND ORGANIZATION

11 Sec. 44.58.010. PURPOSE. The purpose of this chapter is to
12 create an instrumentality of the state to promote and market Alaska
13 Native crafts.

14 Sec. 44.58.020. ALASKA NATIVE CRAFTS CORPORATION. The Alaska
15 Native Crafts Corporation is a public corporation and a political sub-
16 division of the state. The corporation is an instrumentality of the
17 state within the Department of Economic Development, but has a legal
18 existence independent of and separate from the state.

19 Sec. 44.58.030. GOVERNING BODY. The corporation's board of di-
20 rectors shall conduct the business of the corporation.

21 Sec. 44.58.040. APPOINTMENT AND COMPOSITION OF BOARD. The board
22 consists of six residents of the state none of whom may be public em-
23 ployees or officials, and the commissioner of economic development.
24 Members of the board are appointed by the governor and serve at his
25 pleasure. Appointments to the board shall be made without regard to
26 political affiliation and shall represent the state's geographic and
27 economic interests.

28 Sec. 44.58.050. CONFLICT OF INTERESTS. Upon appointment and
29 during his term of office, a board member shall declare privately in

1 writing to the governor and the board any financial or business
2 interest he has which might conflict with the public nature of his
3 membership on the board. If there is a serious conflict, the board
4 may ask him to abstain from decisions resulting in a conflict or to
5 resign from the board.

6 Sec. 44.58.060. COMPENSATION AND EXPENSES. Members of the board
7 receive no salary, but are entitled to per diem and travel expenses
8 authorized by law for other boards.

9 Sec. 44.58.070. LEGAL ADVISER. The attorney general is the legal
10 counsel for the corporation. He shall advise the corporation in legal
11 matters and represent it in suits.

12 Sec. 44.58.080. PUBLIC BOARD MEETINGS. The meetings of the board
13 are public except meetings to discuss and pass on loan applications.

14 Sec. 44.58.090. QUORUM AND NOTICE OF MEETINGS. Four members,
15 which may include the commissioner of economic development, constitute
16 a quorum for the transaction of business unless the bylaws require a
17 larger number, except that notice of a meeting of the board must be
18 given to each member.

19 Sec. 44.58.100. MINUTES OF MEETINGS. The board shall keep min-
20 utes of each meeting and send a certified copy to the governor.

21 Sec. 44.58.110. EXECUTIVE VICE PRESIDENT. The board may employ
22 an executive vice president to manage the corporation. He must be pro-
23 fessionally trained and experienced in the performance of his duties.
24 His selection is subject to the approval of the governor. The execu-
25 tive vice president may not have any financial or business interest
26 that might conflict with the management of the corporation in the best
27 public interest. The board may delegate powers and duties to the
28 executive vice president.

29 Sec. 44.58.120. EMPLOYEES' BONDS. The corporation shall bond its

1 employees. The amount of a bond is determined by the board.

2 ARTICLE 2. POWERS.

3 Sec. 44.58.130. POWERS. (a) In the effectuation of its corpor-
4 ate purposes stated in sec. 10 of this chapter, the corporation may

5 (1) exist continuously as a corporation;

6 (2) adopt a seal;

7 (3) adopt bylaws and regulations governing the business of
8 the corporation;

9 (4) sue and be sued;

10 (5) appoint officers, employees, trustees for certificate
11 holders, and agents, and prescribe their powers and duties;

12 (6) make contracts and execute instruments necessary or con-
13 venient in the exercise of its corporate powers;

14 (7) acquire by purchase, lease, bequest, devise, gift, the
15 satisfaction of debts, or the foreclosure of mortgages, and hold,
16 maintain, use, operate, and convey real or personal property;

17 (8) borrow money and issue secured and unsecured evidence of
18 indebtedness, including negotiable revenue debentures, for a corpo-
19 rate purpose, or fund, refund, pay, or discharge outstanding obli-
20 gations, and enter into agreements and contracts concerning these
21 obligations;

22 (9) secure the payment of its obligations by pledge or mort-
23 gage or other lien on its contracts, revenues, income, or property,
24 except that it may not incur secondary liability by guaranty or en-
25 dorsement of the obligations of another corporation or legal entity,
26 except endorsement of checks, bank drafts, or other commercial paper
27 in the ordinary course of business;

28 (10) accept grants on loans from and contract with the federal
29 government, the state, or its political subdivisions, and to that end

1 comply with the provisions of federal, state, or local programs when
2 necessary;

3 (11) lease, alienate, and dispose of property;

4 (12) acquire, hold, and dispose of stocks, memberships, con-
5 tracts, bonds, or other interests in another corporation or legal
6 entity, and exercise the powers or rights in connection with these
7 interests which are provided in contracts or agreements and which are
8 allowed by law concerning the satisfaction of debts;

9 (13) do what is necessary to carry out the powers granted by
10 this chapter or other laws of the state, or the laws and regulations of
11 the federal government.

12 (b) The corporation may not pledge the credit or the taxing power
13 of the state or its political subdivisions. The state and its political
14 subdivisions are not liable for the debts of the corporation.

15 Sec. 44.58.140. ANNUAL REPORT. Before December 1 of each year,
16 the board shall submit to the governor and the legislature a compre-
17 hensive report describing the operations, fiscal transactions, finan-
18 cial condition, and future plans of the board. The governor may pres-
19 cribe the form of the report.

20 Sec. 44.58.150. ANNUAL AUDITS. (a) The board shall have its
21 financial records audited annually. The legislative auditor shall
22 conduct the annual audit. If an audit conducted by a certified public
23 accountant is satisfactory in the judgment of the legislative auditor,
24 it may be accepted instead of the state audit. The legislative auditor
25 may prescribe the form and content of the financial records of the board
26 and may have access to these records at any time.

27 (b) The state bank examiner shall examine the records of the
28 corporation at least annually.

29 ARTICLE 3.

1 Sec. 44.58.160. CAPITAL. Appropriations and loans from the state
2 general fund necessary for the operation of the corporation are authorized.

3 Sec. 44.58.170. BONDS, NOTES, AND DEBENTURES. The corporation may
4 issue negotiable bonds, notes and debentures in such principal amounts as
5 is considered necessary to provide sufficient funds for achieving its
6 corporate purposes stated in sec. 10 of this chapter, including the
7 payment of interest of bonds of the corporation, the establishment of
8 reserves to secure bonds, notes and debentures, and all other expenditures
9 of the corporation incidental to and necessary or convenient to carry out
0 the corporate purposes.

11 Sec. 44.58.190. NATURE OF CORPORATION OBLIGATIONS. Except as
12 otherwise expressly provided by the corporation, every issue of its
13 notes, debentures or bonds is a general obligation of the corporation
14 payable out of any revenues or money of the corporation, subject only
15 to agreements with the holders of particular notes, debentures or bonds
16 pledging particular receipts or revenues.

17 Sec. 44.58.200. NEGOTIABILITY OF OBLIGATIONS. Whether or not
18 the notes, debentures, or bonds are of the form and character to be
19 negotiable instruments under the provisions of the negotiable instru-
20 ments law, the notes, debentures or bonds of the corporation are
21 negotiable instruments within the meaning of and for the purposes of
22 the negotiable instruments law.

23 Sec. 44.58.210. AUTHORIZATION AND CONTENTS OF ISSUANCE. The
24 notes, debentures, and bonds shall be authorized by resolution of the
25 board of directors of the corporation. The notes, debentures, and
26 bonds shall bear the date or dates, and mature at the time or times in
27 the case of a note or debenture or renewals not to exceed five years
28 from the date of issue of the original note or debenture, and in the
29 case of a bond, not to exceed 50 years from the date of issue, as the

1 resolution or resolutions may provide. The notes, debentures, and
2 bonds shall bear interest at the rate or rates, be in the denomina-
3 tions, be in the form, either coupon or registered, be executed in the
4 manner, be payable in the medium of payment at the place or places, be
5 subject to the terms of redemption and carry the registration pledges
6 which the resolution or resolutions may provide.

7 Sec. 44.58.220. ADDITIONAL PROVISIONS OF RESOLUTION AUTHORIZING
8 OBLIGATIONS. The resolutions authorizing issuance of notes, debentures
9 or bonds may contain provisions which shall be a part of the contract
10 with the holder as to

11 (1) pledging all or part of the money received in payment of
12 the loans made by the corporation and interest on the loans, and other
13 money received or to be received, to secure the payment of the notes,
14 debentures or bonds or of any issue of them subject to existing agree-
15 ments with bondholders or noteholders, or debenture holders;

16 (2) pledging all or a part of the assets of the corporation,
17 including any mortgages or other documents or agreements, to secure the
18 payment of the notes, debentures or bonds or any issue of notes, de-
19 bentures, or bonds, subject to existing agreements with noteholders,
20 debenture holders, or bondholders;

21 (3) the application, use and disposition of the revenues and
22 receipts to be derived by the corporation from its loans;

23 (4) the setting aside of reserves or sinking funds and the
24 regulation and disposition of them;

25 (5) limitations on the purpose to which the proceeds of sale
26 of notes, debentures or bonds may be applied and pledging the proceeds
27 to secure the payment of notes, debentures or bonds or of an issue of
28 them;

29 (6) limitations on the issuance of additional notes,

1 debentures or bonds, the terms upon which additional notes, debentures
2 or bonds may be issued and secured, or the refunding of outstanding or
3 other notes, debentures or bonds;

4 (7) the procedure, if any, by which the terms of a contract
5 with noteholders, bondholders or debenture holders may be amended or
6 abrogated, the amount of notes, debentures, or bonds the holders of
7 which must consent thereto, and the manner in which the consent may be
8 given;

9 (8) vesting in a trustee or trustees the property, rights,
10 powers, and duties in trust as the corporation may determine, which may
11 include any or all of the rights, powers, and duties of the trustee
12 appointed by the bondholders under this section, and limiting or abro-
13 gating the right of the bondholders to appoint a trustee under this
14 section, or limiting the rights, powers and duties of the trustee;

15 (9) the replacement of lost, destroyed or mutilated bonds,
16 notes and debentures;

17 (10) any other matter which affects the security or protects
18 the notes, bonds or debentures.

19 Sec. 44.58.230. MANNER OF SALE. The notes, debentures, and bonds
20 of the corporation may be sold at public or private sale at a price de-
21 termined by the corporation.

22 Sec. 44.58.240. NONLIABILITY OF CORPORATION MEMBERS. The members
23 of the corporation and persons executing the notes, debentures or bonds
24 are not liable personally on the notes, debentures or bonds or subject
25 to personal liability or accountability by reason of their issuance.
26 It is the intention of the legislature that a pledge made with respect
27 to the bonds, notes or debentures shall be valid and binding from the
28 time the pledge is made that the money or property so pledged there-
29 after received by the corporation shall immediately be subject to the

1 the loan is repaid in full. Repayments need not begin until after the
2 first five complete fiscal years after the fund is created.

3 Sec. 44.58.290. INVESTMENTS BY ASSOCIATION. The corporation
4 shall place money held in the reserve funds or in the Native Crafts
5 revolving fund in one or more of the following: deposits in banks or
6 trust companies having their principal places of business in the
7 United States; or obligations of the United States, the state, or its
8 political subdivisions if the obligations are secured by the general
9 taxing power of the obligor.

10 Sec. 44.58.300. TAX EXEMPTION. Because the purpose of the corpo-
11 ration, as an instrumentality of the state, is to benefit the people of
12 Alaska by increasing their commerce, prosperity, and general well-being,
13 the corporation is exempt from all taxes and assessments in the state.
14 Bonds, notes and debentures issued by the corporation, their transfer
15 and their income are exempt from all taxes and assessments in the state.

16 Sec. 44.58.310. CORPORATION'S INTEREST. The rate of interest
17 charged for the corporation's share of a loan shall be determined by
18 the board and may exceed the legal contract rate of interest as set by
19 state law, but the average rate of interest of the loan shall not
20 exceed the legal rate of interest. The corporation may also charge
21 reasonable loan commitment fees.

22 Sec. 44.58.320. GENERAL LIMITATIONS ON LOANS. (a) In making
23 loans, the board shall consider the proposed collateral, the purpose
24 of the loan, the integrity and management ability of the borrower,
25 and the borrower's past and prospective earnings.

26 (b) The board may make only loans that are economically advan-
27 tageous to the state and the general public welfare.

28 (c) The board may make a loan to a responsible borrower only if
29 other credit is not readily available on reasonable terms. Before

1 making a loan, the board shall determine, so far as it is reasonably
2 possible, that the first opportunity to grant the loan is given to
3 banking or financial institutions of the state.

4 Sec. 44.58.330. DISSOLUTION. After payment in full of its de-
5 bentures and other obligations or after depositing in a trust sufficient
6 money to secure the payment of its obligations, the board may dissolve
7 the corporation by the majority vote of its directors. Dissolution is
8 not effective until the legislature confirms it. The effective date of
9 dissolution is the date the legislature confirms the dissolution or a
10 date determined by the legislature at the time of confirmation. Assets
11 remaining after satisfaction of liabilities and obligations of the cor-
12 poration shall be deposited to the credit of the general fund of the
13 state.

14 Sec. 44.58.340. REGULATIONS. The board may adopt regulations or
15 bylaws to implement the purposes of this chapter.

16 Sec. 44.58.350. EXPENSES. The corporation shall bear all of its
17 own expenses.

18 Sec. 44.58.360. BOARD MAY EMPLOY PERSONNEL. The board may ap-
19 point other officers, hire employees and agents, and engage profession-
20 al and technical services and advice upon employment or independent
21 contract basis. The board shall prescribe the duties and compensation
22 of association personnel.

23 Sec. 44.58.370. PERSONNEL EXEMPT FROM STATE PERSONNEL ACT. The
24 personnel of the association are in the exempt state service under
25 AS 39.25.110.
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