

Introduced: 2/27/68  
Referred: Finance

1 IN THE SENATE

BY THE RULES COMMITTEE  
BY REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 371

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 acquisition, equipping,  
7 construction and installation of improvements to the  
8 Fairbanks International Airport and to the issuance  
9 and sale of not to exceed \$2,225,000 of negotiable  
10 revenue bonds of the state to provide money to pay  
11 part or all of the cost thereof; creating a Fairbanks  
12 International Airport Construction Fund and making  
13 an appropriation therefrom; creating a Fairbanks  
14 International Airport Revenue Fund; creating a  
15 Fairbanks International Airport 1968 Revenue Bond  
16 Redemption Fund; relating to the payment and refunding  
17 of such bonds and the enforcement of the covenants  
18 thereof; and providing for an effective date."

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

20 \* Section 1. As used in this Act, unless the context otherwise requires:

21 (1) "state" means the State of Alaska.

22 (2) "airport" means the International Airport owned and operated  
23 by the state and located at or near the city of Fairbanks.

24 (3) "bonds" means the International Airport Revenue Bonds  
25 authorized by this Act.

26 (4) "Revenue Fund" means the Fairbanks International Airport  
27 Revenue Fund created by this Act.

28 (5) "Construction Fund" means the Fairbanks International  
29 Airport 1968 Construction Fund created by this Act.

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1 (6) "Committee" means the State Bond Committee created by sec. 2,  
2 ch. 175, SLA 1960, or any other committee, body, department or officer of  
3 the state which or who shall succeed to the rights, powers, duties and  
4 obligations of the State Bond Committee by lawful act of the legislature.

5 (7) "Bond Redemption Fund" means the Fairbanks International  
6 Airport 1968 Revenue Bond Redemption Fund created by this Act and any  
7 accounts which are hereafter created in said Fund.

8 (8) "Commissioner of Public Works" means the principal executive  
9 officer of the Department of Public Works of the state as provided in sec.  
10 19, ch. 64, SLA 1959, or his successor.

11 (9) "Commissioner of Revenue" means the principal executive  
12 officer of the Department of Revenue of the state as provided in sec. 10,  
13 ch. 64, SLA 1959, or his successor.

14 \* Sec. 2. The state is authorized to acquire, equip, construct and  
15 install additions and improvements to and extensions of and facilities for  
16 the landing, parking, loading, storing, repairing, safety, utility, passenger,  
17 freight and terminal facilities and acquire safety equipment and devices at  
18 the Fairbanks Airport.

19 \* Sec. 3. For the purpose of providing part or all of the money to be  
20 used, with or without any grants or other moneys which may become available,  
21 the issuance and sale of revenue bonds of the state in the total principal  
22 sum of not to exceed \$2,225,000 is authorized to acquire, equip, construct  
23 and install the additions, improvements, extensions and facilities autho-  
24 rized in sec. 2 of this Act. The principal of and interest on such bonds  
25 shall be paid out of and secured by the gross revenues derived by the state  
26 from the ownership, lease, use and operation of the airport, and of all  
27 the facilities thereof, and out of any other revenues or moneys which the  
28 state legislature may later provide exclusive of any state tax or license.

29 \* Sec. 4. There is hereby created a special fund of the state to be

1 known as the "Fairbanks International Airport 1968 Construction Fund," into  
2 which shall be paid the proceeds of the sale of the bonds, except for any  
3 accrued interest paid thereon which shall be paid into the Bond Redemption  
4 Fund, and any grants or other moneys which are legally provided for the  
5 same purposes for which the bonds are authorized. The moneys in the Con-  
6 struction Fund shall be used for the sole purpose of paying all of the costs  
7 of acquiring, equipping, constructing and installing additions and improve-  
8 ments to and extensions of and facilities for the airport and all costs  
9 incidental thereto, including costs of the authorization, issuance and sale  
10 of the bonds. For the purpose of carrying out the provisions of this Act  
11 there is hereby appropriated from the Construction Fund the sum of \$2,225,000  
12 together with the amounts of any such grants or other moneys paid into such  
13 fund for the same purpose.

14 Moneys in the Construction Fund may be invested in direct obligations  
15 of the United States of America maturing at least thirty days prior to the  
16 date on which such moneys will be needed to pay such construction or inci-  
17 dental costs. The interest earned upon, or any profits derived from the  
18 sale of, such investments shall be deposited in and become a part of the  
19 Construction Fund.

20 \* Sec. 5. There is hereby created another special fund of the state to  
21 be known as the "Fairbanks International Airport Revenue Fund," which shall  
22 be completely segregated and set apart from all other funds of the state,  
23 shall be a trust fund for the uses and purposes herein provided, and into  
24 which shall be paid all revenues, fees, charges and rentals derived by the  
25 state from the ownership, lease, use and operation of the airport and all  
26 of the facilities and improvements thereof and facilities and improvements  
27 used in connection therewith. Such revenues, charges, fees and rentals  
28 shall not include the proceeds of any state tax or license. The moneys in  
29 the Revenue Fund shall only be pledged or used for the purpose of paying or

1 securing the payment of the principal of and interest on the bonds and of  
2 and on any other revenue bonds issued by authorization of the legislature  
3 to provide funds to acquire, equip, construct and install additions and  
4 improvements to and extensions of the airport and to be payable out of the  
5 Revenue Fund, the purpose of paying the normal and necessary costs of main-  
6 taining and operating the airport and all of the improvements and facilities  
7 thereof, the purpose of paying the costs of renewals, replacements and  
8 extraordinary repairs to the airport and all of the improvements and  
9 facilities thereof, the purpose of redeeming ahead of their fixed maturities  
10 any and all revenue bonds issued for airport purposes, the purpose of  
11 providing funds to acquire, construct and install necessary additions and  
12 improvements to and extensions of and facilities for the airport and all  
13 of its facilities, and the purpose of providing funds to pay any and all  
14 other normal and necessary costs relating to the ownership, use and oper-  
15 ation of the airport.

16 Moneys in the Revenue Fund may be invested in direct obligations of  
17 the United States of America maturing at least thirty days prior to the  
18 date on which such moneys must be expended or transferred therefrom. The  
19 interest earned upon, or any profits derived from the sale of, such invest-  
20 ments shall be deposited in and become a part of the Revenue Fund.

21 \* Sec. 6. There is hereby created another special fund of the state to  
22 be known as the "Fairbanks International Airport 1968 Revenue Bond Redemption  
23 Fund," which shall be a trust fund for paying and securing the payment of  
24 the principal of and interest on the bonds and which shall be at all times  
25 completely segregated and set apart from all other funds of the state. The  
26 State Bond Committee, on behalf of the state, shall obligate and bind the  
27 state to set aside and pay into the Bond Redemption Fund any part or parts  
28 of, or all of, or a fixed proportion of, or a fixed amount of the money in  
29 the Revenue Fund sufficient to pay the principal of and interest on the

1 bonds as the same shall become due and, if it deems necessary, to set aside  
2 and maintain reserves therefor. The Bond Redemption Fund shall be drawn  
3 upon for the purpose of paying the principal of and interest on the bonds,  
4 and the bonds shall not constitute a general obligation of the state.

5 \* Sec. 7. The bonds shall be sold in such amounts or series and at such  
6 time or times as determined by the Committee. The bonds, or each series  
7 thereof, shall be sold at such price so that the effective interest rate  
8 over the life thereof shall not exceed six per cent (6%) per annum. Interest  
9 shall be payable annually or semiannually, and no interest coupon shall  
10 evidence interest at a rate greater than six per cent (6%).

11 The bonds shall mature at such time or times as fixed by the Committee;  
12 shall be sold at public sale, and notice of the sale shall be pursuant to  
13 AS 37.15.040; may be subject to redemption prior to their fixed maturities  
14 as determined by the Committee and with such premium or premiums as fixed  
15 by the Committee; may be in denominations determined by the Committee; may  
16 be issued in coupon form and made payable to bearer, or may be registrable  
17 as to principal or principal and interest, or may be made payable to the  
18 purchaser or purchasers thereof, all under such regulations and conditions  
19 as the Committee shall provide; shall be payable both principal and interest  
20 at such place or places as may be determined by the Committee; shall be  
21 signed on behalf of the state by the Governor and shall be attested by the  
22 Secretary of State, which signatures may be facsimile signatures, shall  
23 have the seal of the state impressed, printed or lithographed thereon, and  
24 each of the interest coupons attached thereto shall be signed by the  
25 facsimile signatures of said officials; shall be issued under and subject  
26 to such terms, conditions and covenants providing for the payment of the  
27 principal thereof and interest thereon and such other terms, conditions,  
28 covenants and protective features safeguarding such payment and relating  
29 to the maintenance, operation and improvement of the airport as found

1 necessary by the Committee, which covenants may include a provision re-  
2 quiring the setting aside and maintaining of certain reserves to secure the  
3 payment of such principal and interest. The Committee may provide that  
4 any additional bonds hereafter authorized by the Legislature to be payable  
5 out of the same source or sources as the bonds authorized by this Act may  
6 later be issued on a parity with the bonds authorized by this Act upon  
7 compliance with any conditions which the Committee may prescribe.

8 If found reasonably necessary, the Committee may select a trustee or  
9 trustees for the owners and holders of the bonds or any series thereof  
10 and/or for the safeguarding and disbursement of the moneys in the Construction  
11 Fund, and shall fix the rights, duties, powers and obligations of such  
12 trustee or trustees.

13 In its determination of all of the matters and questions relating to  
14 the issuance and sale of the bonds and the fixing of the maturities, terms,  
15 conditions and covenants thereof as above provided, the decisions of the  
16 Committee shall be those found to be reasonably necessary for the best  
17 interests of the state and its inhabitants, and those which will accomplish  
18 the most advantageous sale of the bonds, with due regard, however, to  
19 necessary or normal costs of maintenance and operation, renewals and re-  
20 placements of and repairs to the airport and to all improvements to and  
21 facilities thereof owned, used, operated or leased in connection therewith,  
22 the future growth and expansion of the airport and all of such facilities,  
23 and the possibility of additional revenue bond financing for airport purposes.

24 \* Sec. 8. The State Bond Committee is authorized and directed to adopt  
25 the resolution or resolutions (herein called the "bond resolution or  
26 resolutions") and prepare all other documents and proceedings necessary for  
27 the issuance, sale and delivery of the bonds or any part or series thereof.  
28 The resolution or resolutions shall fix the principal amount, denomination,  
29 date, maturities, place or places of payment, rights of redemption if any,

1 terms, form, conditions and covenants of the bonds or each series thereof,  
2 and their date and manner of sale, and shall provide whether the notice of  
3 sale is to be published elsewhere in addition to the publication required  
4 by sec. 7 of this Act.

5 The owner and holder of any bonds, or the trustee for the owners and  
6 holders of the bonds or any series thereof, may be mandamus or other  
7 appropriate proceedings in the courts of record of the state, require and  
8 compel the transfer, setting aside and payment of money and the enforcement  
9 of all of the terms, conditions and covenants as required and provided in  
10 this Act and in the bond resolution or resolutions.

11 \* Sec. 9. The State Bond Committee shall, on or before December thirty-  
12 first of each year commencing with the year in which the bonds are issued,  
13 certify to the Commissioners of Revenue and Public Works the amounts re-  
14 quired in the next ensuing calendar year by the bond resolution or reso-  
15 lutions to be paid out of the Revenue Fund into the Bond Redemption Fund  
16 and to be paid into and maintained in any reserve fund or account or any  
17 other fund or account created by the bond resolution or resolutions, and  
18 shall also certify to the Commissioners the last date or dates upon which  
19 payments may be made.

20 \* Sec. 10. The bonds and the coupons attached thereto are fully nego-  
21 tiable instruments under the laws of the state.

22 \* Sec. 11. The Commissioner of Public Works shall fix and collect such  
23 fees, charges and rentals derived by the state from the ownership, lease,  
24 use and operation of the airport and all of the facilities and improve-  
25 ments thereof and used in connection therewith as will provide revenues  
26 sufficient to comply with all of the covenants of the bond resolution or  
27 resolutions, and the Commissioner of Public Works is also charged with the  
28 duty of insuring that all other covenants of the bond resolution or  
29 resolutions are complied with.

1       \* Sec. 12. The bonds or any part of them may be refunded at or prior to  
2 their maturity by the issuance of refunding revenue bonds of the state if in  
3 the opinion of the State Bond Committee refunding is advantageous to and in  
4 the best interests of the state and its inhabitants.

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

28       The effective rate of interest over the life of such refunding revenue  
29 bonds shall not exceed six per cent (6%) per annum, and the costs of such

1 refunding and the amount of any premium which might be paid to effect the  
2 redemption of the outstanding bonds being refunded shall not be considered  
3 in determining such effective rate of interest.

4 Refunding revenue bonds and coupons are fully negotiable instruments  
5 under the laws of the state.

6 The issuance of refunding revenue bonds need not be authorized by the  
7 qualified voters of the state or by an act of the legislature, and the  
8 State Bond Committee is authorized and directed to adopt the resolution or  
9 resolutions and prepare all other documents and proceedings necessary for  
10 the issuance, exchange or sale, and delivery of such bonds.

11 The State Bond Committee shall create a special bond redemption fund  
12 of the state which shall be a trust fund for paying and securing the payment  
13 of the principal of and interest on such refunding revenue bonds, which  
14 fund shall be at all times completely segregated and set apart from all  
15 other funds of the state. The State Bond Committee, on behalf of the state,  
16 shall obligate and bind the state to set aside and pay into such bond re-  
17 demption fund any part or parts of, or all of, or a fixed proportion of,  
18 or a fixed amount of the money in the Revenue Fund sufficient to pay the  
19 principal of and interest on such refunding revenue bonds as they become  
20 due and, if deemed necessary, the Committee may set aside and maintain  
21 reserves for payment of principal and interest on the refunding revenue  
22 bonds. The Bond Redemption Fund shall be drawn upon solely for the purpose  
23 of paying the principal of and interest on the refunding revenue bonds.

24 The provisions of this Act relating to the maturities, payments, terms,  
25 conditions, covenants, issuance and sale of the bonds shall be applicable to  
26 refunding revenue bonds except as may be otherwise specifically provided in  
27 this section.

28 \* Sec. 13. This Act shall be liberally construed in order to carry out  
29 the purposes for which it was adopted, and all existing laws in conflict

1 with any of the provisions of this Act are hereby superseded insofar as  
2 necessary to accomplish the purposes of and carry out the provisions of  
3 this Act.

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

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