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Referred: Health, Welfare  
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BY BRADNER, YOUNG,  
ANDERSON AND KERTTULA

1 IN THE HOUSE

2 HOUSE BILL NO. 171

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the construction of a campus  
7 activities center at the University of Alaska and to  
8 the issuance and sale of not to exceed \$4,000,000 of  
9 negotiable revenue bonds of the university to pay  
10 part or all of the cost thereof; creating a campus  
11 activities center revenue fund of the university;  
12 authorizing the issuance and sale of refunding bonds;  
13 and providing for an effective date."

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

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

16 (1) "university" means the University of Alaska, located at  
17 College, Alaska;

18 (2) "bonds" means the university revenue bonds authorized by  
19 this Act;

20 (3) "board" means the Board of Regents of the university;

21 (4) "improvements" means the campus activities center to be  
22 constructed out of the proceeds of the sale of the bonds, as authorized in  
23 sec. 3 of this Act;

24 (5) "revenue fund" means the campus activities center revenue  
25 fund created by sec. 2 of this Act.

26 \* Sec. 2. (a) There is hereby created a special fund of the university  
27 to be known as the campus activities center revenue fund which shall be  
28 completely segregated and set apart from all other funds of the university,  
29 shall be a trust fund for the uses and purposes herein provided, and into

1 which shall be paid 25 per cent of all student fees and any special fee  
2 assessments determined by the board.

3 (b) The money in the revenue fund shall be pledged or used only for the  
4 purpose of paying or securing the payment of the principal of and interest  
5 on the bonds, for the purpose of paying or securing the payment of the  
6 principal of and interest on any other revenue bonds of the university issued  
7 by authorization of the legislature to provide funds to acquire, construct  
8 and equip buildings, improvements and facilities which later are made a part  
9 of the campus activities center as provided in sec. 2 of this Act, the purpose  
10 of paying the normal and necessary costs of equipping, maintaining and opera-  
11 ting the campus activities center and all of the buildings, facilities and  
12 operations thereof, the purpose of paying the cost of renewals, replacements  
13 and normal and extraordinary repairs to the campus activities center and all  
14 of the buildings, facilities and equipment thereof, the purpose of redeeming  
15 ahead of their fixed maturity any and all revenue bonds of the university  
16 issued for campus activities center purposes, the purpose of providing funds  
17 to acquire, construct and equip necessary additions and improvements thereto  
18 and modifications and extensions of the buildings and facilities of the  
19 campus activities center and the purpose of providing funds to pay any and  
20 all other normal and necessary costs relating to the ownership, use and  
21 operation of the campus activities center.

22 (c) Money in the revenue fund may be invested in direct obligations of  
23 the United States of America maturing at least 30 days prior to the date on  
24 which such money must be expended or transferred therefrom. The interest  
25 earned upon or any proceeds derived from the sale of such investments shall  
26 be deposited in and become a part of the revenue fund.

27 \* Sec. 3. The university may acquire, construct and equip or provide  
28 for the acquisition, construction and equipping of the improvements, to wit:  
29 one campus activities center.

1       \* Sec. 4. (a) For the purpose of providing part or all of the money  
2 necessary to acquire, construct and equip the improvements, the issuance  
3 and sale of revenue bonds of the university in the total principal sum of  
4 not to exceed \$4,000,000 is hereby authorized. The principal of and interest  
5 on such bonds shall be paid out of and secured by the money required in sec.  
6 2 of this Act to be paid into the revenue fund and out of any other revenues  
7 received by the university which the legislature may authorize to be pledged  
8 to such payment, and which revenues shall likewise be paid into the revenue  
9 fund.

10       (b) All of the bonds when issued shall be payable out of the same bond  
11 redemption fund on a parity basis. In the proceedings authorizing the  
12 issuance of the bonds or the first part or series thereof the board may  
13 provide conditions which must be complied with before additional revenue  
14 bonds of the university may be issued on a parity with the bonds. Whenever  
15 the legislature authorizes the university to issue additional revenue bonds  
16 to acquire, construct or equip any apartment, residence, dormitory, housing,  
17 dining, boarding, hospital, infirmary, parking, and student activity buildings  
18 and facilities or book store, the board shall determine whether such con-  
19 ditions can be met and whether the additional revenue bonds or any part  
20 thereof should be issued on a parity with the bonds. Additional revenue  
21 bonds when issued on a parity with the bonds are designated in this Act as  
22 parity bonds.

23       (c) The board shall create a special bond redemption fund of the  
24 university which shall be a trust fund for paying and securing the payment of  
25 the principal of and interest on the bonds and any parity bonds, which fund  
26 shall be at all times set apart from all other funds of the university. The  
27 board on behalf of the university may obligate and bind the university to  
28 set aside and pay into the bond redemption fund any part or parts of, or  
29 all of, or a fixed proportion of, or a fixed amount of the money in the

1 revenue fund, that will be sufficient to pay the principal of and interest  
2 on the bonds and of and on any parity bonds outstanding as they shall  
3 become due and, if determined necessary, to set aside and maintain reserves  
4 therefor. The bond redemption fund shall be drawn upon solely for the  
5 purpose of paying the principal of and interest on the bonds and any parity  
6 bonds, and the bonds and parity bonds shall not constitute a general obli-  
7 gation of the State of Alaska or the university.

8 \* Sec. 5. (a) The bonds may be sold in amount or series and at time or  
9 times as determined by the board. The bonds or each series thereof shall  
10 be sold at such price so that the effective interest rate over the life of  
11 the bonds sold shall not exceed six per cent a year. Such interest shall  
12 be paid annually or semi-annually, and no interest coupon shall evidence  
13 interest at a rate greater than six per cent. The bonds shall mature at  
14 such time or times as fixed by the board; shall be sold at public or  
15 private sale; may be subject to redemption prior to their fixed maturity  
16 or maturities as determined by the board and with such premium or premiums  
17 as fixed by the board; may be in such denomination or denominations as  
18 determined by the board; may be issued in coupon form and made payable to  
19 bearer, or may be registrable as to principal or principal and interest,  
20 or may be made payable to the purchaser or purchasers thereof, all under  
21 such regulations and conditions as the board shall provide; shall be payable  
22 both principal and interest at such place or places as may be determined by  
23 the board; shall be signed on behalf of the university by the president of  
24 the board and shall be attested by the secretary of the board, one of which  
25 signatures may be a facsimile signature; shall have the seal of the univer-  
26 sity impressed, printed or lithographed thereon, and each of the interest  
27 coupons attached thereto shall be signed by the facsimile signatures of said  
28 president and secretary; and shall be issued under and subject to such terms,  
29 conditions and covenants providing for the payment of the principal thereof

1 and interest thereon and such other terms, conditions, covenants and pro-  
2 tective features safeguarding such payment and relating to the maintenance,  
3 operation and improvement of the improvements as found necessary by the board  
4 which covenants may include but are not limited to a provision requiring the  
5 setting aside and maintaining of certain reserves to secure the payment of  
6 such principal and interest and a provision requiring the setting aside and  
7 maintenance of certain money to maintain, equip, repair, renew, renovate and  
8 replace the improvements and all facilities and equipment used in connection  
9 therewith.

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

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

26 \* Sec. 6. (a) The board shall adopt the resolution or resolutions and  
27 prepare all other documents and proceedings necessary for the issuance, sale  
28 and delivery of the bonds or any part or series thereof. The resolution or  
29 resolutions shall fix the principal amount, denomination, date, maturities,

1 place or places of payment, rights of redemption if any, terms, form, con-  
2 ditions and covenants of the bonds or each series thereof and their date  
3 and manner of sale, and shall provide for the publication of the notice of  
4 such sale.

5 (b) The owner and holder of any bond or the trustee for the owners and  
6 holders of the bonds or any series thereof may by mandamus or other appropri-  
7 ate proceedings in the superior court, require and compel the transferring,  
8 setting aside and payment of money and the enforcement of all of the terms,  
9 conditions and covenants as provided in this Act and in the resolution or  
10 resolutions authorizing the issuance of the bonds or any series thereof.

11 \* Sec. 7. The bonds and the coupons attached thereto are fully negotiable  
12 instruments under the laws of the State of Alaska.

13 \* Sec. 8. (a) Any part or all of the bonds may be refunded at or prior  
14 to their maturity by the issuance of refunding revenue bonds of the univer-  
15 sity if, in the opinion of the board, such refunding is advantageous to and  
16 in the best interest of the university.

17 (b) The principal of and interest on such refunding revenue bonds  
18 shall be payable either from the same source or sources of money as pledged  
19 for the payment of the principal of and interest on the bonds or from such  
20 other source or sources as may legally be provided or both. The board shall  
21 create a special bond redemption fund of the university which shall be a  
22 trust fund for paying and securing the payment of the principal of and  
23 interest on such refunding revenue bonds, which fund shall be at all times  
24 completely segregated and set apart from all other funds of the university.  
25 The board, on behalf of the university, shall obligate and bind the univer-  
26 sity to set aside and pay into such fund any part or parts of, or all of, or  
27 a fixed proportion of, or a fixed amount of the money in the revenue fund,  
28 that will be sufficient to pay the principal of and interest on the refunding  
29 revenue bonds as the same shall become due and, if deemed necessary, to set

1 aside and maintain reserves therefor. Such fund shall be drawn upon solely  
2 for the purpose of paying the principal of and interest on such refunding  
3 revenue bonds and the refunding revenue bonds shall not constitute a general  
4 obligation of the State of Alaska or the university.

5 (c) Any money set aside as reserves to secure the payment of the  
6 principal of and interest on the bonds being refunded may be used either to  
7 pay the principal of, premium if any, and interest on such bonds or may be  
8 retained by the university as reserves to secure the payment of the principal  
9 of and interest on such refunding revenue bonds to be issued. Such refunding  
10 revenue bonds may be sold at public or private sale and the proceeds of such  
11 sale, exclusive of accrued interest, shall be applied in payment of the bonds  
12 being refunded, or the refunding revenue bonds may be exchanged privately  
13 for and in payment and discharge of a like or greater principal amount of  
14 the bonds being refunded. The principal amount of such refunding revenue  
15 bonds may exceed the principal amount of the bonds being refunded to the  
16 extent necessary to pay all costs incidental to such refunding and any  
17 premium required to redeem and retire the bonds being refunded and to fund  
18 interest due or about to become due on such bonds, and the holder or holders  
19 of any bonds being refunded need not pay accrued interest on the refunding  
20 bonds to be delivered in exchange therefor if and to the extent that  
21 interest is due or accrued and unpaid on the outstanding bonds being re-  
22 funded.

23 (d) The effective rate of interest over the life of refunding revenue  
24 bonds shall not exceed six per cent a year, and the costs of refunding and  
25 the amount of any premium which might be paid to effect the redemption of  
26 the outstanding bonds being refunded shall not be considered in determining  
27 the effective rate of interest.

28 (e) Refunding revenue bonds and the coupons attached thereto are  
29 fully negotiable instruments under the laws of the State of Alaska.

1 (f) The issuance of refunding revenue bonds need not be authorized by  
2 an Act of the legislature, and the board shall adopt the resolution or  
3 resolutions and prepare all other documents and proceedings necessary for  
4 the issuance, exchange or sale and delivery of such bonds.

5 (g) The provisions of this Act relating to the maturities, payment,  
6 terms, conditions, covenants, issuance and sale of the revenue bonds shall  
7 be applicable to refunding revenue bonds except as may be otherwise speci-  
8 fically provided in this section.

9 \* Sec. 9. This Act shall be liberally construed in order to carry out  
10 the purposes for which it was adopted, and all existing laws in conflict  
11 with any of the provisions of this Act are superseded insofar as necessary  
12 to accomplish the purposes of and carry out the provisions of this Act.

13 \* Sec. 10. This Act takes effect on the day after its passage and  
14 approval or on the day it becomes law without approval.