

Introduced: 2/16/70  
Referred: Special Monetary  
Investment Committee and  
Finance

BY CORNELIUS, BOARDMAN, HAUGEN,  
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1 IN THE HOUSE

2 HOUSE BILL NO. 711

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the State Capital Improvement  
7 Corporation, as a public corporation and instrumen-  
8 tality of the state; and providing for an effective  
9 date."

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

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

12 CHAPTER 58. STATE CAPITAL IMPROVEMENT CORPORATION.

13 ARTICLE 1. CREATION AND ORGANIZATION.

14 Sec. 44.58.010. STATE CAPITAL IMPROVEMENT CORPORATION. The State  
15 Capital Improvement Corporation is a public corporation of the state.  
16 The corporation is an instrumentality of the state within the Department  
17 of Commerce, but has a legal existence independent of and separate from  
18 the state.

19 Sec. 44.58.020. GOVERNING BODY. The corporation's board of  
20 directors shall conduct the business of the corporation. The board  
21 shall consist of the governor or the secretary of state in his absence,  
22 and the commissioners of administration, revenue, commerce, public  
23 works and economic development.

24 Sec. 44.58.030. OFFICERS. At the first regular meeting of every  
25 odd-numbered year, the board shall meet and elect from among its members  
26 a president, a vice president, a secretary and a treasurer. The presi-  
27 dent also serves as chairman of the board. The vice president shall  
28 preside in the absence of the president.

29 Sec. 44.58.040. COMPENSATION AND EXPENSES. Members of the board

1 receive no salary, but are entitled to per diem and travel expenses  
2 authorized by law for other boards.

3 Sec. 44.58.050. LEGAL ADVISER. The attorney general is the legal  
4 counsel for the corporation. He shall advise the corporation in legal  
5 matters and represent it in suits.

6 ARTICLE 2. POWERS.

7 Sec. 44.58.060. POWERS. (a) In the effectuation of its corporate  
8 purposes stated in sec. 10 of this chapter, the corporation may

- 9 (1) exist continuously as a corporation;
- 10 (2) adopt a seal;
- 11 (3) adopt bylaws and regulations governing the business of  
12 the corporation;
- 13 (4) sue and be sued;
- 14 (5) appoint officers, employees, trustees for certificate  
15 holders, and agents, and prescribe their powers and duties;
- 16 (6) make contracts and execute instruments necessary or  
17 convenient in the exercise of its corporate powers;
- 18 (7) acquire by purchase, lease, bequest, devise, gift, the  
19 satisfaction of debts, or the foreclosure of mortgages, and hold, main-  
20 tain, use, operate, and convey real or personal property;
- 21 (8) borrow money and issue secured and unsecured evidence of  
22 indebtedness, including negotiable revenue debentures, for a corporate  
23 purpose, or fund, refund, pay, or discharge outstanding obligations,  
24 and enter into agreements and contracts concerning these obligations;
- 25 (9) secure the payment of its obligations by pledge or mort-  
26 gage or other lien on its contracts, revenues, income, or property,  
27 except that it may not incur secondary liability by guaranty or endorse-  
28 ment of the obligations of another corporation or legal entity, except  
29 endorsement of checks, bank drafts, or other commercial paper in the

1 ordinary course of business;

2 (10) accept grants on loans from and contract with the federal  
3 government, the state, or its political subdivisions, and to that end  
4 comply with the provisions of federal, state, or local programs when  
5 necessary;

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

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

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

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

18 Sec. 44.58.070. ANNUAL REPORT. Before December 1 of each year,  
19 the board shall submit to the governor and the legislature a comprehen-  
20 sive report, describing the operations, fiscal transactions, financial  
21 condition, and future plans of the board. The governor may prescribe  
22 the form of the report.

23 Sec. 44.58.080. ANNUAL AUDITS. (a) The board shall have its  
24 financial records audited annually. The legislative auditor shall  
25 conduct the annual audit. If an audit conducted by a certified public  
26 accountant is satisfactory in the judgment of the legislative auditor,  
27 it may be accepted instead of the state audit. The legislative auditor  
28 may prescribe the form and content of the financial records of the  
29 board and may have access to these records at any time.

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

3 ARTICLE 3. FINANCIAL PROVISIONS.

4 Sec. 44.58.090. CAPITAL. Appropriations from the state general  
5 fund necessary for the operation of the corporation are authorized.

6 Sec. 44.58.100. BONDS. The corporation may issue negotiable  
7 bonds in such principal amounts as is considered necessary to provide  
8 sufficient funds to undertake state capital improvements authorized by  
9 the corporation, purchase the bonds of state municipal governments and  
10 all other expenditures of the corporation incidental to and necessary  
11 or convenient to carry out the corporate purposes.

12 Sec. 44.58.110. NATURE OF CORPORATION BONDS. Every issue of  
13 bonds is a general obligation of the corporation payable out of any  
14 revenues or money of the corporation, subject only to agreements with  
15 the holders of particular bonds pledging particular receipts or revenue.

16 Sec. 44.58.120. AUTHORIZATION AND CONTENTS OF ISSUANCE. The  
17 bonds shall be authorized by resolution of the board of directors of  
18 the corporation. The bonds shall bear the date, and mature at a time  
19 not to exceed 50 years from the date of issue, as the resolution may  
20 provide. The bonds shall bear interest at the rate, be in the denomina-  
21 tions, be in the form, either coupon or registered, be executed in the  
22 manner, be payable in the medium of payment at the place, be subject  
23 to the terms of redemption and carry registration pledges which the  
24 resolution may provide.

25 Sec. 44.58.130. MANNER OF SALE. The bonds of the corporation may  
26 be sold at public or private sale at a price determined by the corpora-  
27 tion.

28 Sec. 44.58.140. RIGHTS OF BOND HOLDERS. Subject to contractual  
29 limitations and restrictions, the holder of bonds, in addition to

1 other remedies, may by appropriate action, require the corporation to  
2 carry out its covenants and agreements made with or for the holder's  
3 benefit.

4 ARTICLE 4. GENERAL PROVISIONS.

5 Sec. 44.58.150. INVESTMENT FUNDS. There are established a capital  
6 improvement investment fund and a municipal bond investment fund, both  
7 of which shall be administered by the board of directors exclusively  
8 for the purpose of investing as authorized by sec. 160 of this chapter.  
9 The corporation may pledge the money in the capital improvement invest-  
10 ment fund to secure the payment of bonds issued for the purpose of  
11 making state capital improvements and it may pledge the money in the  
12 municipal bond investment fund to secure the payment of bonds issued  
13 for the purpose of purchasing the bonds of state municipal governments.

14 Sec. 44.58.160. INVESTMENTS BY CORPORATION. The corporation  
15 shall place the money held in the funds established under sec. 150 of  
16 this chapter into any of the following:

17 (1) bonds, notes, and bills which constitute direct obliga-  
18 tions of the United States;

19 (2) obligations of agencies and instrumentalities of the  
20 United States;

21 (3) bank certificates of deposit which are secured as to  
22 the payment of principal and interest in accordance with Alaska law;

23 (4) commercial paper of prime or equivalent quality, as  
24 rated by a nationally recognized rating organization, which is issued  
25 by corporations organized and operating in the United States with  
26 assets in excess of five hundred million dollars;

27 (5) bonds, notes, debentures and other evidence of indebted-  
28 ness of corporations; and

29 (6) grade AA and AAA corporation securities.

1           Sec. 44.58.170. TAX EXEMPTION. Because the purpose of the corpora-  
2 tion, as an instrumentality of the state, is to benefit the people of  
3 Alaska by increasing their development, prosperity, and general well-  
4 being, the corporation is exempt from all taxes and assessments in the  
5 state. Bonds issued by the corporation, their transfer and their  
6 income are exempt from all taxes and assessments in the state.

7           Sec. 44.58.180. REGULATIONS. The board of directors may adopt  
8 regulations or bylaws to implement the purposes of this chapter.

9 \* Sec. 2. This Act takes effect July 1, 1970.  
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