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Referred: Finance

CS

1 IN THE SENATE

BY MILLER AND MERDES

2 SENATE BILL NO. 92

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  
7 issued by authorization of the legislature to provide funds to acquire,  
8 construct and equip buildings, improvements and facilities which later are  
9 made a part of the campus activities center as provided in sec. 2 of this  
10 Act, the purpose of paying the normal and necessary costs of equipping,  
11 maintaining and operating the campus activities center and all of the  
12 buildings, facilities and operations thereof, the purpose of paying the  
13 cost of renewals, replacements and normal and extraordinary repairs to the  
14 campus activities center and all of the buildings, facilities and equipment  
15 thereof, the purpose of redeeming ahead of their fixed maturity any and all  
16 revenue bonds of the university issued for campus activities center  
17 purposes, the purpose of providing funds to acquire, construct and equip  
18 necessary additions and improvements thereto and modifications and exten-  
19 sions of the buildings and facilities of the campus activities center and  
20 the purpose of providing funds to pay any and all other normal and necessary  
21 costs relating to the ownership, use and operation of the campus activities  
22 center.

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

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

one campus activities center.

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

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

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

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

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

subject to such terms, conditions and covenants providing for the payment or the principal thereof and interest thereon and such other terms, conditions, covenants and protective features safeguarding such payment and relating to the maintenance, operation and improvement of the improvements as found necessary by the board, which covenants may include but are not limited to a provision requiring the setting aside and maintaining of certain reserves to secure the payment of such principal and interest and a provision requiring the setting aside and maintenance of certain money to maintain, equip, repair, renew, renovate and replace the improvements and all facilities and equipment used in connection therewith.

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

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

\*Sec. 6. (a) The board shall adopt the resolution or resolutions and prepare all other documents and proceedings necessary for the issuance,

1 sale and delivery of the bonds or any part or series thereof. The  
2 resolution or resolutions shall fix the principal amount, denomination,  
3 date, maturities, place or places of payment, rights of redemption if  
4 any, terms, form, conditions and covenants of the bonds or each series  
5 thereof and their date and manner of sale, and shall provide for the  
6 publication of the notice of such sale.

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

14 \* Sec. 7. The bonds and the coupons attached thereto are fully negoti-  
15 able instruments under the laws of the State of Alaska.

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

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

1 of, or a fixed proportion of, or a fixed amount of the money in the  
2 revenue fund, that will be sufficient to pay the principal of and interest  
3 on the refunding revenue bonds as the same shall become due and, if deemed  
4 necessary, to set aside and maintain reserves therefor. Such fund shall  
5 be drawn upon solely for the purpose of paying the principal of and  
6 interest on such refunding revenue bonds and the refunding revenue bonds  
7 shall not constitute a general obligation of the State of Alaska or the  
8 university.

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

27 (d) The effective rate of interest over the life of refunding revenue  
28 bonds shall not exceed six per cent a year, and the costs of refunding  
29 and the amount of any premium which might be paid to effect the redemption

1 of the outstanding bonds being refunded shall not be considered in deter-  
2 mining the effective rate of interest.

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

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

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

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

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