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1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR 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 acquisition, construction
7 and equipping of a campus activities center at the
8 University of Alaska; relating to the issuance and
9 sale of not to exceed \$4,000,000 of negotiable
10 revenue bonds of the university to pay part or all
11 of the cost thereof; creating a campus activities
12 center revenue fund of the university; relating to
13 the payment and refunding of such bonds and the en-
14 forcement of the covenants thereof; and providing
15 for an effective date."

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

17 * Section 1. (a) There is hereby created a special fund of
18 the university to be known as the "campus activities center revenue
19 fund" which shall be completely segregated and set apart from all
20 other funds of the university, shall be a trust fund for the uses and
21 purposes herein provided, and into which shall be paid 25 per cent of
22 all student fees, or a lesser per cent of all student fees determined
23 by the board, and any special fee assessments determined by the
24 board;

25 (b) The money in the revenue fund shall be pledged or used only for
26 the purpose of paying or securing the payment of the principal of and in-
27 terest and redemption premium, if any, on the bonds, for the purpose of pay-
28 ing or securing the payment of the principal of and interest on any other
29 revenue bonds of the university issued by authorization of the legislature

1 to provide funds to acquire, construct and equip additions or improvements
2 to the improvements, the purpose of paying the normal and necessary costs
3 of equipping, maintaining and operating the improvements, the purpose of
4 paying the cost of renewals, replacements and normal and extraordinary
5 repairs to the improvements, the purpose of redeeming ahead of their fixed
6 maturity any and all revenue bonds of the university issued for the im-
7 provements, the purpose of providing funds to acquire, construct and equip
8 necessary additions and improvements thereto and modifications and exten-
9 sions of the improvements, and the purpose of providing funds to pay any
10 and all other normal and necessary costs relating to the ownership, use
11 and operation of the improvements, all to the extent fixed and determined
12 by the board in one or more bond resolutions, trust indentures, or trust
13 agreements securing or providing for the issuance of the bonds adopted or
14 entered into in accordance with this Act.

15 (c) The board may provide for the investment of moneys in the revenue
16 fund in such manner as it may fix and determine by resolution. The interest
17 earned upon or any proceeds derived from the sale of such investments shall
18 be deposited in and become a part of the revenue fund.

19 * Sec. 2. The university may acquire, construct and equip or provide for
20 the acquisition, construction and equipping of the improvements in such
21 manner as may be determined by the board.

22 * Sec. 3. (a) For the purpose of providing part or all of the money
23 necessary to pay the costs of acquiring, constructing and equipping the
24 improvements, the issuance and sale of revenue bonds of the university in
25 the total principal sum of not to exceed \$4,000,000 is hereby authorized.
26 The principal of and interest on such bonds shall be paid out of and secured
27 by the money required in sec. 1 of this Act to be paid into the revenue
28 fund and out of any other revenues or moneys received by the university
29 which the legislature may authorize to be pledged to such payment, and

1 which revenues shall likewise be paid into the revenue fund.

2 (b) The board shall create a special bond redemption fund of the
3 university which shall be a trust fund for paying and securing the payment
4 of the principal of and interest and redemption premium, if any, on the
5 bonds, which fund shall be at all times set apart from all other funds of
6 the university. The board on behalf of the university may obligate and
7 bind the university to set aside and pay into the bond redemption fund any
8 part or parts of, or all of, or a fixed proportion of, or a fixed amount of
9 the money in the revenue fund, which will be sufficient to pay the principal
10 of and interest on the bonds as the same shall become due and, if it deter-
11 mines necessary, to set aside and maintain reserves therefor. The bond
12 redemption fund shall be drawn upon solely for the purpose of paying the
13 principal of and interest and redemption premium, if any, on the bonds, and
14 the bonds shall not constitute a general obligation of the State of Alaska
15 or the university.

16 * Sec. 4. (a) The bonds may be sold in such amounts or series and at
17 such time or times as determined by the board. The bonds or each series
18 thereof shall be sold at such price so that the effective interest rate
19 over the life of the bonds sold shall not exceed seven per cent a year.
20 Such interest shall be paid annually or semi-annually, and no interest
21 coupon shall evidence interest at a rate greater than seven per cent. The
22 bonds shall mature at such time or times as fixed by the board; shall be
23 sold at public or private sale; may be subject to redemption prior to their
24 fixed maturity or maturities as determined by the board and with such premium
25 or premiums as fixed by the board; may be in such denomination or denomina-
26 tions as determined by the board; may be issued in coupon form and made
27 payable to bearer, or may be registerable as to principal or principal and
28 interest, or may be made payable to the purchaser or purchasers thereof, all
29 under such regulations and conditions as the board shall provide; shall be

1 payable as to principal and interest at such place or places as may be
2 determined by the board; shall be signed on behalf of the university by the
3 president of the board and shall be attested by the secretary of the board,
4 both of whose signatures may be facsimile signatures; shall have the seal
5 of the university impressed, printed or lithographed thereon, and each of
6 the interest coupons attached thereto shall be signed by the facsimile
7 signatures of said president and secretary; and shall be issued under and
8 subject to such terms, conditions and covenants providing for the payment
9 of the principal thereof and interest thereon and such other terms, condi-
10 tions, covenants and protective features safeguarding such payment and
11 relating to the maintenance, operation and improvement of the improvements
12 as found necessary by the board, which covenants may include but are not
13 limited to provisions providing for the charging, collecting and depositing
14 of student fees, provisions requiring the setting aside and maintaining of
15 certain reserves to secure the payment of such principal and interest and
16 provisions requiring the setting aside and maintenance of certain reserves
17 to maintain, equip, repair, renew, renovate and replace the improvements and
18 all facilities and equipment used in connection therewith. The board may
19 provide that any additional bonds hereafter authorized by the legislature to
20 be payable out of the same source or sources as the bonds authorized by this
21 Act may later be issued on a parity with the bonds authorized by this Act
22 upon compliance with any conditions which the board may prescribe, or may
23 provide that no additional bonds may be so issued payable out of the same
24 said source or sources on a parity with the bonds authorized by this Act.

25 (b) If found reasonably necessary, the board may select a trustee or
26 trustees for the owners and holders of the bonds or any series thereof, for
27 the safeguarding and disbursement of the proceeds of sale of the bonds or
28 for such duties with respect to the authentication, delivery and registra-
29 tion of the bonds, or otherwise with respect to the bonds, the funds

1 established hereunder and the moneys pledged to the same as the board may
2 determine, and shall fix the rights, duties, powers and obligations of such
3 trustee or trustees.

4 (c) In its determination of all of the matters and questions relating
5 to the issuance and sale of the bonds and the fixing of the maturities,
6 terms, conditions and covenants thereof, the decisions of the board shall
7 be those found to be reasonably necessary for the best interests of the
8 university and its students and those which will accomplish the most ad-
9 vantageous sale of the bonds, with due regard, however, to necessary or
10 normal costs of maintenance and operation, renewals and replacements of
11 and repairs to the improvements and to other improvements and facilities
12 owned, used, operated or leased by the university, the future growth and
13 expansion of the university and all of its improvements and facilities,
14 and the possibility of additional revenue bond financing for university
15 purposes. Any such decisions of the board, as expressed in any resolution
16 authorizing the issuance of any bonds, shall be final and conclusive when any
17 bonds have been issued pursuant to such resolution.

18 (d) Any resolution authorizing the issuance of any bonds may provide
19 that the bonds issued thereunder shall contain a recital that they are
20 issued pursuant to this Act, and any such bonds containing such recital
21 shall be conclusively deemed to be valid and to have been issued in conform-
22 ity with this Act.

23 (e) The validity of the authorization and issuance of bonds shall not
24 be affected by any proceedings for the acquisition or construction of the
25 improvements for which the bonds have been issued or by any contracts in
26 connection with such acquisition or construction.

27 * Sec. 5. (a) The board shall adopt the resolution or resolutions and
28 prepare all other documents and proceedings necessary for the issuance, sale
29 and delivery of the bonds or any part or series thereof. The resolution or

1 resolutions shall fix the principal amount, denomination, date, maturities,
2 place or places of payment, rights of redemption, if any, terms, form,
3 conditions and covenants of the bonds or each series thereof and their date
4 and manner of sale.

5 (b) The owner and holder of any bond or the trustee for the owners
6 and holders of the bonds or any series thereof may by appropriate proceed-
7 ings in a court of record of the state, 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. 6. The bonds and the coupons attached thereto are fully negoti-
12 able instruments under the laws of the State of Alaska.

13 * Sec. 7. (a) The bonds or any part of them may be refunded at or
14 prior to their maturity by the issuance of refunding revenue bonds of the
15 university if in the opinion of the board refunding is advantageous to and
16 in the best interests of the university.

17 (b) The issuance of refunding bonds need not be authorized by an
18 act of the legislature, and the board is authorized and directed to adopt
19 the resolution or resolutions and prepare all other documents and proceed-
20 ings necessary for the issuance, exchange or sale, and delivery of such
21 bonds. All provisions of this Act applicable to revenue bonds are applic-
22 able to the refunding bonds and to the issuance, sale or exchange thereof,
23 except as otherwise provided in this section.

24 (c) Refunding bonds may be issued in a principal amount sufficient
25 to provide funds for the payment of all bonds to be refunded thereby, and
26 in addition for the payment of all expenses incident to the calling, retir-
27 ing or paying of such outstanding bonds, and the issuance of such refunding
28 bonds. These expenses include the difference in amount between the par
29 value of the refunding bonds and any amount less than par for which the

1 refunding bonds are sold, any amount necessary to be made available for
2 the payment of interest upon such refunding bonds from the date of sale
3 thereof to the date of payment of the bonds to be refunded or to the date
4 upon which the bonds to be refunded will be paid pursuant to the call there-
5 of or agreement with the holders thereof, and the premium, if any, neces-
6 sary to be paid in order to call or retire the outstanding bonds and the
7 interest accruing thereon to the date of the call or retirement.

8 * Sec. 8. The bonds are legal investments for all banks, trust companies
9 savings banks, savings and loan associations and other persons carrying on
10 a banking business, all insurance companies and other persons carrying on
11 an insurance business, and all executors, administrators, trustees and other
12 fiduciaries. The bonds may be accepted as security for deposits of all
13 funds of the state and its political subdivisions.

14 * Sec. 9. All bonds are hereby declared to be issued for an essential
15 public purpose, and such bonds, and the interest thereon and the income
16 therefrom, shall at all times be exempt from taxation by or under authority
17 of the State of Alaska, or any political subdivision thereof.

18 * Sec. 10. The State of Alaska does hereby pledge to and covenant and
19 agree with the holders of bonds that the state will not limit or alter the
20 rights hereby vested in the university or the board to fulfill the terms of
21 any agreement made with the holders of the bonds and will not in any way
22 impair the rights or remedies of such holders, and will not modify in any
23 way the exemptions from taxation provided for in this Act, until the bonds,
24 together with interest thereon, and all costs and expenses in connection
25 with any action or proceeding by or on behalf of such holders, are fully
26 met and discharged.

27 * Sec. 11. Any pledge made in respect of the bonds under this Act shall
28 be valid and binding from the time the pledge is made. The money or pro-
29 perty so pledged and thereafter received by the authority shall immediately

1 be subject to the lien of such pledge without any physical delivery thereof
2 or further act and the lien of any such pledge shall be valid and binding
3 as against all parties having claims of any kind in tort, contract or
4 otherwise against the university Irrespective of whether such parties have
5 notice thereof. No resolution, trust indenture, trust agreement or any
6 other instrument by which a pledge is created need be recorded, or filed
7 under the uniform commercial code.

8 * Sec. 12. In this Act, unless the context otherwise requires,

9 (1) "board" means the Board of Regents of the university;

10 (2) "bonds" means the university revenue bonds authorized by
11 sec. 3 of this Act;

12 (3) "costs" means the costs of acquiring, constructing and equip-
13 ping the improvements, including, without limitation, interest on the bonds
14 prior to and during such construction and during such period of time after
15 construction as the board determines, and such reserves to secure the bonds
16 as the board determines;

17 (4) "improvements" means the campus activities center, consti-
18 tuting one or more buildings or other facilities for campus activities,
19 including any real property or interest therein necessary in connection
20 therewith, as may be determined by the board, and acquired, constructed
21 and equipped out of the proceeds of the sale of the bonds, as authorized
22 by sec. 2 of this Act; the improvements shall not constitute and may not
23 be made a part of the housing system of the university as defined in ch. 56,
24 SLA 1961, as amended and supplemented;

25 (5) "revenue fund" means the campus activities center revenue
26 fund created by sec. 1 of this Act;

27 (6) "student fees" means all fees charged students by the uni-
28 versity at College, Alaska, not including tuition charged out-of-state
29 students or dormitory rentals, and also not including any revenues, fees,

1 charges and rentals derived by the university from the ownership, lease,
2 use or operation of the housing system, as the term is defined in ch. 56,
3 SLA 1961, as amended and supplemented, which, in the opinion of the board,
4 are now pledged or may hereafter be pledged to the holders of revenue bonds
5 of the university now or hereafter issued pursuant to ch. 56, SLA 1961, as
6 amended and supplemented, under existing contracts or agreements with the
7 holders or purchasers of such revenue bonds;

8 (7) "university" means the University of Alaska, located at
9 College, Alaska.

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

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