

Introduced: 5/13/70
Referred: Finance

1 IN THE SENATE

BY THE HEALTH, WELFARE
AND EDUCATION COMMITTEE

2 SENATE BILL NO. 593

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the investment of public funds in
7 bonds and notes of political subdivisions of the
8 state; and providing for an effective date."

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

10 * Section 1. AS 37.10.073 is amended by adding new subsections to read:

11 (d) When the treasurer determines that there are funds in the
12 state treasury above an amount sufficient to meet current demands and
13 which are not being used for the purposes of sec. 70 of this chapter,
14 up to \$25,000,000 of them shall first be used to continuously invest
15 in general obligation bonds or bond anticipation notes issued by
16 political subdivisions of the state, to the extent that they are
17 offered by political subdivisions of the state, without regard to the
18 standards established in (b) of this section, provided the bonds
19 meet the standards described in (e) of this section. Bonds acquired by
20 the state under this subsection may be resold at the discretion of the
21 treasurer at any time at a price considered satisfactory to him.

22 (e) The treasurer may purchase bonds offered or sold by political
23 subdivisions of the state. However,

24 (1) they shall have been previously offered for sale and
25 accepted for purchase by a qualified buyer subject only to delivery
26 of the bonds with an opinion of bond counsel confirming the validity
27 of the bonds and assurance that no litigation is threatened or pending
28 which affects the validity of the bonds or the corporate existence
29 of the issuing political subdivision;

1 (2) the bond counsel nominated by the issuing political
2 subdivision in connection with the original offer shall certify that

3 (A) a lawsuit has been filed or is threatened which
4 challenges the corporate existence of the issuer,

5 (B) as a consequence of the filing of the suit, the
6 buyer properly refuses to accept the bonds,

7 (C) but for the threatened or pending lawsuit, the bond
8 counsel would issue his opinion affirming the validity of the
9 bonds according to his standard form of opinion,

10 (D) in his opinion the bonds are issued for a public
11 purpose and for capital improvements under a valid election held
12 under art. IX, sec. 9 of the Constitution of the State of Alaska,

13 (E) the bonds are valid and legally binding obligations
14 of the issuer except to the extent that a pending or threatened
15 suit has challenged the corporate existence of the issuer,

16 (F) bond counsel knows of no evidence that the filing
17 of the suit has been arranged or contrived directly or indirectly
18 by either the issuer or the buyer, and

19 (G) it appears probable that the corporate existence
20 of the issuer will be affirmed by the courts of the state;

21 (3) the purchase price and other terms and conditions estab-
22 lished for the sale of the bonds shall be the same as those established
23 in the original sales agreement except as to time of delivery.

24 * Sec. 2. This Act takes effect on the day after its passage and approv-
25 al or on the day it becomes law without approval.
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