


Introduced: 4/7/71
Referred: Local Government
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2  HOUSE BILL NO. 402

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to a municipal bond bank authority;
7 and providing for an effective date."

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

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

10 CHAPTER 58. ALASKA MUNICIPAL BOND BANK AUTHORITY.

11 Sec. 44.58.010. LEGISLATIVE POLICY. (a) It is the policy of the
12 state

13 (1) to foster and promote by all reasonable means the pro-
14 vision of adequate capital markets and facilities for borrowing money
15 by political subdivisions of the state to finance public improvements
16 or purposes, to assist political subdivisions in fulfilling their
17 capital needs and requirements by use of borrowed money within
18 statutory interest rate or cost of borrowing limitations, to the
19 greatest extent possible to reduce costs of borrowed money to taxpayers
20 and residents of the state, and equally to encourage continued investor
21 interest in the purchase of bonds or notes of political subdivisions as
22 sound and preferred securities for capital investment;

23 (2) to encourage political subdivisions to continue their
24 independent undertakings and financing of public improvements and
25 purposes and assist them by making capital funds available at reduced
26 interest costs for orderly financing of public improvements and purposes
27 during periods of restricted credit or money supply, particularly for
28 those political subdivisions not otherwise able to borrow for capital
29 needs during those periods.

1 (b) It is further declared by the legislature that current credit
2 and municipal bond market conditions require the exercise of the powers
3 of the state in the interest of its political subdivisions to further
4 and implement the policies declared in (a) of this section by authoriz-
5 ing a state bond bank authority to be created as a body corporate and
6 politic to have full powers to borrow money and to issue its bonds and
7 notes to make capital funds available for borrowing by political sub-
8 divisions and by granting broad powers to the bond bank authority to
9 carry out the declared policies which are in the public interest of
10 the state and its taxpayers and residents.

11 (c) It is further declared by the legislature that state funds
12 should be applied or authorized to be paid to a state bond bank
13 authority only to provide adequate assurance and security to the holders
14 of the bonds or notes of the bond bank authority; and further that the
15 bond bank authority should conduct its operations to provide the lowest
16 rates in terms of borrowing to political subdivisions as is consistent
17 with a self-supporting operation with no expectation of subsidization
18 with state funds.

19 Sec. 44.58.020. MUNICIPAL BOND BANK AUTHORITY. There is created
20 the Alaska Municipal Bond Bank Authority. The authority is a public
21 corporation of the state. The corporation is an instrumentality of
22 the state within the Department of Revenue but has a legal existence
23 independent of and separate from the state and has continuing
24 succession until its existence is terminated by law. The exercise by
25 the authority of the powers conferred by this chapter is considered an
26 essential governmental function of the state.

27 Sec. 44.58.030. MEMBERSHIP AND VACANCIES. The bond bank authority
28 consists of the following five directors; the commissioner of revenue,
29 who shall be a director ex officio, and four directors appointed by

1 the governor. The appointment of each director other than the
2 commissioner of revenue is subject to conformation by the legislature.
3 The four directors appointed by the governor serve for four year terms.
4 They must be residents of the state and qualified voters at the time
5 of appointment. The directors first appointed shall have terms of one,
6 two, three and four years respectively. Each director shall hold
7 office for the term of his appointment and until his successor has been
8 appointed and qualified. The four directors appointed by the governor
9 serve at the pleasure of the governor. A director is eligible for
10 reappointment. A vacancy in the directorship occurring other than by
11 expiration of term shall be filled in the same manner as the original
12 appointment but for the unexpired term only. Each director before
13 entering upon his duties shall take and subscribe an oath to perform
14 the duties of his office faithfully, impartially and justly to the best
15 of his ability. A record of the oath shall be filed in the office of
16 the lieutenant governor.

17 Sec. 44.58.040. OFFICERS AND QUORUM. The directors shall elect
18 one of their number as chairman. The directors shall elect a secretary
19 and a treasurer who need not be directors, and the same person may be
20 elected to serve both as secretary and treasurer. The powers of the
21 bank are vested in the directors and three directors of the bond bank
22 authority shall constitute a quorum. Action may be taken and motions
23 and resolutions adopted by the bank at any meeting by the affirmative
24 vote of at least three directors, if one of them is the director ex
25 officio. No vacancy in the directorship of the bond bank authority may
26 impair the right of a quorum to exercise all the powers and perform all
27 the duties of the bond bank authority.

28 Sec. 44.58.050. BONDING OF MEMBERS. Before the issuance of any
29 bonds or notes under this chapter, each director shall execute a surety

1 bond in the penal sum of \$25,000 and the treasurer shall execute a
2 surety in the penal sum of \$50,000. Each surety bond shall be
3 conditioned upon the faithful performance of the duties of the office
4 of the director or treasurer, to be executed by a surety company
5 authorized to transact business in the State of Alaska as surety and
6 approved by the attorney general and filed in the office of the
7 lieutenant governor. After issuance of any bonds or notes by the
8 bond bank authority each director shall maintain his surety bond in
9 force. All costs of the surety bonds shall be borne by the bond bank
10 authority.

11 Sec. 44.58.060. COMPENSATION AND EXPENSES. The directors of the
12 bond bank authority shall serve without compensation, but the bond
13 bank authority shall reimburse its directors for actual expenses
14 necessarily incurred in the discharge of their duties. Notwithstanding
15 any other law, an officer or employee of the state shall not be deemed
16 to forfeit his office or employment or any benefits by reason of his
17 acceptance of the office of director of the bond bank authority.

18 Sec. 44.58.070. STAFF. The bank may employ such officers,
19 agents and employees as it may require and determine their qualifica-
20 tions, terms of office, duties and compensation.

21 Sec. 44.58.080. CONFLICT OF INTEREST. No officer, employee or
22 agent of the bond bank authority may have any interest, direct or
23 indirect, in any contract or proposed contract for services or materials
24 to be furnished to or used by the bond bank authority, other than for
25 his contract of appointment or employment. Neither the holding of an
26 office or employment in the government of the state or of a political
27 subdivision nor employment or interest in a private banking or financial
28 business or enterprise is a disqualifying interest per se. No director
29 appointed may be deemed by reason of his employment or interest in a

1 private banking or financial business or enterprise to have a dis-
2 qualifying interest per se. This section is not applicable to
3 personnel whose services are purchased by the bond bank authority on
4 an independent contract basis.

5 Sec. 44.58.090. POWERS OF BOND BANK AUTHORITY. The bond bank
6 authority may

- 7 (1) sue and be sued;
- 8 (2) adopt an official seal and alter the seal at pleasure;
- 9 (3) make and enforce bylaws and rules for the conduct of
10 its business and for the use of its services and facilities;
- 11 (4) maintain an office at any place within the state;
- 12 (5) acquire, hold, use and dispose of its income, revenues,
13 funds and money;
- 14 (6) acquire, rent, lease, hold, use and dispose of other
15 personal property for its purposes;
- 16 (7) borrow money and to issue its negotiable bonds or notes
17 and provide for and secure their payment, provide for the rights of
18 their holders and purchase, hold and dispose of any of its bonds or
19 notes;
- 20 (8) fix and revise from time to time and charge and collect
21 fees and charges for the use of its services or facilities;
- 22 (9) accept gifts or grants from the United States, or from
23 any governmental unit or any person, firm or corporation, carry out the
24 terms or provisions or make agreements with respect to the gifts or
25 grants, and to do any and all things necessary, useful, desirable or
26 convenient in connection with procuring, accepting or disposing of
27 the gifts or grants;
- 28 (10) do anything authorized by this chapter, through its
29 officers, agents or employees or by contracts with a person;

1 (11) make, enter into and enforce all contracts necessary,
2 convenient or desirable for the purposes of the bond bank authority or
3 pertaining to any loan to a political subdivision, a purchase or sale
4 of municipal bonds or other investments, or the performance of its
5 duties and execution of any of its powers under this chapter;

6 (12) purchase or hold municipal bonds at prices and in a
7 manner the bond bank authority deems advisable, and sell municipal
8 bonds acquired or held by it at prices without relation to cost and in
9 a manner the bond bank authority deems advisable;

10 (13) invest funds or money of the bond bank authority not
11 required at the time of investment for loan to political subdivisions
12 for the purchase of municipal bonds, in the same manner as permitted
13 for investment of funds belonging to the state, except as otherwise
14 provided in this chapter;

15 (14) prescribe the form of application or procedure required
16 of a political subdivision for a loan or purchase of its municipal
17 bonds, fix the terms and conditions of the loan or purchase, and enter
18 into agreements with political subdivisions with respect to loans or
19 purchases;

20 (15) render services to a political subdivision in
21 connection with a public or private sale of its municipal bonds, in-
22 cluding advisory and other services, and charge for services rendered;

23 (16) charge for its costs and services in review or con-
24 sideration of a proposed loan to a political subdivision or purchase
25 by the bond bank authority of municipal bonds of the political sub-
26 division, whether or not the loan is made or the municipal bonds
27 purchased;

28 (17) fix and establish terms and provisions with respect to
29 a purchase of municipal bonds by the bond bank authority, including

1 date and maturities of such bonds, provisions as to redemption or
2 payment before maturity, and any other matters which in connection with
3 the purchase are necessary, desirable or advisable in the judgment of
4 the bond bank authority;

5 (18) procure insurance against any losses in connection
6 with its property, operations or assets in amounts and from insurers
7 as it deems desirable;

8 (19) to the extent permitted under its contracts with the
9 holders of bonds or notes of the bond bank authority, consent to any
10 modification of the rate of interest, time and payment of any install-
11 ment of principal or interest, security or any other term of any bond
12 or note, contract or agreement of any kind to which the bond bank
13 authority is a party; and

14 (20) do all acts and things necessary, convenient or
15 desirable to carry out the powers expressly granted or necessarily
16 implied in this chapter.

17 Sec. 44.58.100. LIMITATIONS. Under this chapter the bond bank
18 authority may not

19 (1) make loans of money to any person, firm or corporation
20 other than a political subdivision, or purchase securities issued by a
21 person, other than a political subdivision or for investment except
22 as provided in this chapter, or

23 (2) emit bills of credit, accept deposits of money for
24 time or demand deposit, administer trusts, or engage in any form or
25 manner in, or in the conduct of, a private or commercial banking
26 business, or act as a savings bank or savings and loan association, or

27 (3) be or constitute a bank or trust company within the
28 jurisdiction or under the control of a regulatory or supervisory board
29 or department of the state or the Comptroller of the Currency of the

1 United States or the Department of the Treasury, or Federal Reserve
2 Board of the United States, or

3 (4) be or constitute a bank, banker or dealer in securities
4 within the meaning of or subject to the provisions of any securities,
5 securities exchange, or securities dealers law, of the United States
6 or of this state or of any other state.

7 Sec. 44.58.110. ANNUAL REPORT AND AUDIT. On or before the last
8 day of September of each year the bond bank authority shall make a
9 report of its activities for the preceding fiscal year to the governor
10 and to the legislature. The report shall set forth a complete
11 operating and financial statement covering its operations during the
12 year. The bond bank authority shall cause an audit of its books and
13 accounts to be made at least once in each year by certified public
14 accountants and the cost of the audit shall be considered an expense
15 of the bond bank authority and a copy of the audit shall be filed with
16 the commissioner of revenue.

17 Sec. 44.58.120. ANNUAL BUDGET. (a) Not later than January 1
18 of each year the bond bank authority shall adopt an annual budget for
19 the succeeding fiscal year. The budget shall set forth the general
20 categories of expected expenditures and the amount on account of each
21 and shall include a provision or reserve for contingencies and over-
22 expenditures as well as any additional material as the bond bank
23 authority may determine. Copies of the annual budget certified by the
24 chairman of the bond bank authority shall be promptly filed with the
25 commissioner of revenue and the director of budget and management,
26 Department of Administration, and the annual budget shall not be
27 effective until filed.

28 (b) The bank may at any time adopt an amended annual budget for
29 the current fiscal year, but the amended annual budget may not

1 supersede any prior budget until the amended budget is approved by the
2 commissioner of revenue as reasonable and necessary, and filed as
3 required in the case of the annual budget.

4 Sec. 44.58.130. CARE AND CUSTODY OF BONDS. The bond bank
5 authority may enter into agreements or contracts with any bank, trust
6 company, banking or financial institution within or without the state
7 as may be necessary, desirable or convenient in the opinion of the
8 bond bank authority for rendering services in connection with the
9 care, custody or safekeeping of municipal bonds or other investments
10 held or owned by the bond bank authority and services in connection
11 with the payment or collection of amounts payable as to principal or
12 interest, and for services in connection with the delivery to the bond
13 bank authority of municipal bonds or other investments purchased by it
14 or sold by it, and to pay the cost of those services. The bond bank
15 authority may also, in connection with any of the services to be
16 rendered by any banks, trust companies or banking or financial insti-
17 tutions as to the custody and safekeeping of any of its municipal
18 bonds or investments, require security in the form of collateral bonds,
19 surety agreements or security agreements in such form and amount as,
20 in the opinion of the bond bank authority, is necessary or desirable.

21 Sec. 44.58.140. EFFECT OF OBLIGATIONS. (a) Bonds and notes
22 issued under this chapter are not a debt or liability of the state
23 and do not create or constitute an indebtedness, liability or
24 obligation of the state nor are they or do they constitute a pledge
25 of the faith and credit of the state. All bonds and notes, issued
26 under this chapter, unless funded or refunded by bonds or notes or
27 the bond bank authority, are payable solely from revenues or funds
28 pledged or available for their payment as authorized in this chapter.
29 Each bond and note must contain on its face a statement to the

1 effect that the bond bank authority is obligated to pay the principal
2 and interest on the instrument only from revenues or funds of the
3 bond bank authority and that the state is not obligated to pay the
4 principal or interest and that neither the faith and credit nor the
5 taxing power of the state is pledged to the payment of the principal
6 of or the interest on the bond or note.

7 (b) The state pledges to and agrees with the holders of the bonds
8 or notes issued under this chapter, that the state will not limit or
9 restrict the rights vested in the bond bank authority to purchase,
10 acquire, hold, sell or dispose of municipal bonds or other investments
11 or to make loans to political subdivisions or to establish and collect
12 fees or other charges convenient or necessary to produce sufficient
13 revenues to meet the expenses of operation of the bond bank authority
14 and to fulfill the terms of any agreement made with the holders of its
15 bonds or notes or in any way impair the rights or remedies of the
16 holders of the bonds or notes until the bonds and notes, together with
17 the interest on the bonds and notes, and interest on any unpaid in-
18 stallments of interest, and all costs and expenses in connection with
19 any action or proceedings by or on behalf of the holders, are fully
20 met, paid and discharged.

21 Sec. 44.58.150. NEGOTIABILITY OF BONDS OR NOTES. Notwithstanding
22 the provisions of other law, a bond or note issued under this chapter
23 is fully negotiable for all purposes of the Uniform Commercial Code,
24 (AS 45.05), and a holder or owner of a bond or note, or of any
25 coupon appurtenant to it, by accepting the bond, note or coupon shall
26 be conclusively deemed to have agreed that the bond, note or coupon
27 is fully negotiable for all purposes of the Uniform Commercial Code.

28 Sec. 44.58.160. BONDS OR NOTES AS LEGAL INVESTMENT. Notwith-
29 standing the restrictions of any other law, all banks, trust companies,

1 savings banks and institutions, building and loan associations, savings
2 and loan associations, investment companies, and other persons carrying
3 on a banking business, all insurance companies, insurance associations
4 and other persons carrying on an insurance business, and all executors,
5 administrators, guardians, trustees and other fiduciaries, may legally
6 invest any sinking funds, money or other funds belonging to them or
7 within their control in any bonds or notes issued under this chapter.

8 Sec. 44.58.170. TAX EXEMPTION. All property of the bond bank
9 authority is public property devoted to an essential public and
10 governmental function and purpose and is exempt from all taxes and
11 special assessments of the state or any political subdivision of the
12 state. All bonds or notes issued under this chapter are issued by
13 a body corporate and public of this state and for an essential public
14 and governmental purpose and the bonds and notes, and the interest
15 and income on and from the bonds and notes, and all fees, charges,
16 funds, revenues, income and other money pledged or available to pay
17 or secure the payment of the bonds or notes, or interest on the bonds
18 or notes, are exempt from taxation except for transfer, inheritance
19 and estate taxes.

20 Sec. 44.58.180. LOANS TO POLITICAL SUBDIVISIONS. The bond bank
21 authority to carry out the purposes and policies of this chapter, is
22 authorized to lend money to political subdivisions through the purchase
23 by the bond bank authority of municipal bonds of political subdivisions
24 in fully marketable form. The bond bank authority, for this purpose,
25 may issue its bonds and notes payable solely from the revenues or
26 funds available to the bond bank authority for such payment, and may
27 otherwise assist political subdivisions as provided in this chapter.

28 Sec. 44.58.190. ISSUANCE OF BONDS AND NOTES. (a) The bond bank
29 authority may issue its bonds or notes in such principal amounts as it

1 shall deem necessary to provide funds for any purposes under this
2 chapter, including

3 (1) the making of loans;

4 (2) the payment, funding or refunding of the principal of,
5 or interest or redemption premiums on, bonds or notes issued by it
6 whether the bonds or notes or interest to be funded or refunded have
7 or have not become due;

8 (3) the establishment or increase of reserves to secure or
9 to pay bonds or notes or interest on bonds or notes and all other costs
10 or expenses of the bond bank authority incident to and necessary or
11 convenient to carry out its corporate purposes and powers.

12 (b) Except as otherwise provided in this chapter or by the bond
13 bank authority, every issue of bonds or notes shall be general obliga-
14 tions payable out of any revenues or funds of the bond bank authority,
15 subject only to any agreements with the holders of particular bonds or
16 notes pledging any particular revenues or funds. Any bonds or notes
17 may be additionally secured by a pledge of any grant or contributions
18 from the United States or the state or any political subdivision or
19 any person, firm or corporation or a pledge of any income or revenues,
20 funds or moneys of the bond bank authority from any source whatsoever.

21 (c) Notwithstanding the provisions of (a) and (b) of this section,
22 the total amount of bond bank authority bonds and notes outstanding at
23 any one time, except bonds or notes issued to fund or refund bonds or
24 notes, shall not exceed \$100,000,000.

25 Sec. 44.58.200. FORM OF ISSUANCE. Bonds or notes of the bond
26 bank authority shall be authorized by resolution of the bond bank
27 authority and may be issued in one or more series and shall bear the
28 date or dates, mature at the time or times, bear interest at the rate
29 or rates of interest per annum or within such maximum rate, be in the

1 denomination or denominations, be in the form, either coupon or
2 registered, carry the conversion or registration privileges, have the
3 rank or priority, be executed in the manner, be payable from the sources
4 in the medium of payment at the place or places within or without the
5 state, and be subject to the terms of redemption, with or without
6 premium, as the resolution of the bond bank authority provides.

7 Sec. 44.58.210. SALE PRICE. Bonds or notes of the bond bank
8 authority may be sold at public or private sale at such price as the
9 bond bank authority determines.

10 Sec. 44.58.220. APPROVAL OF GOVERNOR. No resolution or other
11 action of the bond bank authority providing for the issuance of bonds
12 may be adopted or otherwise made effective without the prior approval
13 in writing of the governor. The powers conferred by this section on
14 the governor shall be exercised with due regard for the rights of the
15 holders of bonds of the bank at any time outstanding, and nothing in,
16 or done pursuant to, this section shall in any way limit, restrict or
17 alter the obligation or powers of the bond bank authority or any
18 director, officer or representative of the bond bank authority to carry
19 out and perform in every detail each and every covenant, agreement or
20 contract at any time made or entered into by or on behalf of the bond
21 bank authority with respect to its bonds or for the benefit, protection,
22 of security of the holders of the bonds. Except as provided in this
23 section, bonds and notes may be issued pursuant to this chapter without
24 the consent of any department, division, commission or agency of the
25 state, and without any other proceeding or the happening of any other
26 conditions or things than those specifically required by this
27 chapter.

28 Sec. 44.58.230. PAYMENT OR REFUNDING OF NOTES. The bond bank
29 authority may from time to time issue its notes under this chapter and

1 pay and retire or fund or refund the notes from proceeds of bonds or
2 of other notes, or from any other funds or money of the bond bank
3 authority available for that purpose in accordance with a contract
4 between the bond bank authority and the holders of the notes.

5 Sec. 44.58.240. TERMS OF AGREEMENT WITH THE BOND OR NOTEHOLDER.

6 In any resolution of the bond bank authority authorizing, or relating
7 to the issuance of any bonds or notes, the bond bank authority, in
8 order to secure the payment of the bonds or notes and in addition to
9 its other powers, may covenant and contract with the holders of the
10 bonds or notes

11 (1) to pledge to any payment or purpose all or any part of
12 its revenues to which its right then exists or may thereafter come
13 into existence, and the money derived from the revenues, and the
14 proceeds of any bonds or notes;

15 (2) to covenant against pledging all or any part of its
16 revenues, or against permitting or suffering any lien on those revenues
17 or its property;

18 (3) to covenant as to the use and disposition of any payments
19 of principal or interest received by the bond bank authority on muni-
20 cipal bonds or other investments held by the bond bank authority;

21 (4) to covenant as to establishment of reserves or sinking
22 funds, the making of provision for them, and the regulation and dis-
23 position of the reserves or sinking funds;

24 (5) to covenant with respect to or against limitations on
25 any right to sell or otherwise dispose of any property of any kind;

26 (6) to covenant as to bonds and notes to be issued, and
27 their limitations, terms and conditions, and as to their custody,
28 application and disposition of the proceeds of the bonds and notes;

29 (7) to covenant as to the issuance of additional bonds or

1 notes or as to limitations on the issuance of additional bonds or
2 notes and on the incurring of other debts by it;

3 (8) to covenant as to the payment of the principal of or
4 interest on the bonds or notes, as to the sources and methods of
5 payment, as to the rank or priority of any bonds or notes with respect
6 to any lien or security or as to the acceleration of the maturity of
7 any bonds or notes;

8 (9) to provide for the replacement of lost, stolen,
9 destroyed or mutilated bonds or notes;

10 (10) to covenant against extending the time for the payment
11 of bonds or notes or interest on the bonds or notes;

12 (11) to covenant as to the redemption of bonds or notes and
13 privileges of their exchange for other bonds or notes of the bond bank
14 authority;

15 (12) to covenant as to charges to be established and
16 charged, the amount to be raised each year or other period of time
17 by charges or other revenues and as to the use and disposition to be
18 made of the charges or other revenues;

19 (13) to covenant to create or authorize the creation of
20 special funds or money to be held in pledge or otherwise for
21 operating expenses, payment or redemption of bonds or notes, reserves
22 or other purposes and as to the use and disposition of the money held
23 in those funds;

24 (14) to establish the procedure, if any, by which the terms
25 of any contract or covenant with or for the benefit of the holders of
26 bonds or notes may be amended or abrogated, the amount of bonds or notes
27 the holders of which must consent to amendment or abrogation, and the
28 manner in which the consent may be given;

29 (15) to covenant as to the custody of any of its properties

1 or investments, their safekeeping and insurance, and the use and
2 disposition of insurance money;

3 (16) to covenant as to the time or manner of enforcement or
4 restraint from enforcement of any rights of the bond bank authority
5 arising by reason of or with respect to nonpayment of any principal or
6 interest of any municipal bonds;

7 (17) to provide for the rights and liabilities, powers and
8 duties arising upon the breach of any covenant, condition or obligation
9 and to prescribe the events of default and the terms and conditions
10 upon which any or all of the bonds, notes or other obligations of the
11 bond bank authority shall become or may be declared due and payable
12 before maturity and the terms and conditions upon which the declaration
13 and its consequences may be waived;

14 (18) to vest in a trustee or trustees within or without the
15 state such property, rights, powers and duties in trust as the bond
16 bank authority may determine, which may include any of the rights,
17 powers and duties of any trustee appointed by the holders of any bonds
18 or notes, and to limit or abrogate the right of the holders of any
19 bonds or notes of the bond bank authority to appoint a trustee under
20 this chapter or limit the rights, powers and duties of the trustee;

21 (19) to pay the costs or expenses incident to the enforcement
22 of the bonds or notes or of the resolution or of any covenant or agree-
23 ment of the bond bank authority with the holders of its bonds or notes;

24 (20) to agree with any corporate trustee which may be any
25 trust company or bank having the powers of a trust company within or
26 without the state, as to the pledging or assigning of revenues or funds
27 to which or in which the bond bank authority has any rights or interest,
28 and may further provide for such other rights and remedies exercisable
29 by the trustee as may be proper for the protection of the holders of

1 any bonds or notes of the bond bank authority and not otherwise in
2 violation of law, and the agreement may also provide for the restriction
3 of the rights of an individual holder of bonds or notes of the bond
4 bank authority;

5 (21) to appoint and to provide for the duties and obligations
6 of a paying agent or paying agents, or other fiduciaries as the resolu-
7 tion may provide within or without the state;

8 (22) to limit the rights of the holders of any bonds or
9 notes to enforce any pledge or covenant securing bonds or notes; and

10 (23) to make covenants other than and in addition to the
11 covenants expressly authorized in this section, of like or different
12 character, and to make covenants to do or refrain from doing acts and
13 things as may be necessary, or convenient and desirable, in order to
14 better secure bonds or notes or which, in the absolute discretion of
15 the bond bank authority, will tend to make bonds or notes more market-
16 able, notwithstanding that the covenants, acts or things may not be
17 enumerated in this section.

18 Sec. 44.58.250. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The
19 bond bank authority may purchase bonds or notes of the bond bank
20 authority out of any of its funds or money available for the purchase
21 of its own bonds and notes. The bond bank authority may hold, cancel
22 or resell the bonds or notes subject to and in accordance with agree-
23 ments with holders of its bonds or notes.

24 Sec. 44.58.260. BOND ANTICIPATION NOTES. Notwithstanding any
25 law applicable to political subdivisions as to the period for temporary
26 financing of any public improvement or purpose by issuance of its
27 notes in anticipation of the issuance of permanent bonds or as to the
28 renewal of bond anticipation notes, the bond bank authority may
29 purchase and the political subdivision may issue bond anticipation

1 notes and may renew them from time to time provided that the bond
2 anticipation notes, including renewals, mature in such amounts and in
3 such years not exceeding five years from the date of the original
4 issuance as is agreed between the bond bank authority and the political
5 subdivision. In connection with the transaction and purchase of bond
6 anticipation notes, the bond bank authority may by agreement with the
7 political subdivision impose any terms, conditions and limitations as
8 in its opinion are proper and for the purposes and security of the bond
9 bank authority and the holders of its bonds or notes. The failure of
10 any political subdivision to comply with the agreement constitutes a
11 failure of the political subdivision to pay principal of and interest
12 on the bonds or notes, and the bank shall enforce all rights, remedies
13 and provisions of law as it has under this chapter or are elsewhere
14 provided.

15 Sec. 44.58.270. MARKETABILITY AND CERTIFICATION. All municipal
16 bonds or other investments of money of the bond bank authority
17 provided for under this chapter must at all times be purchased and
18 held in fully marketable form, subject to provision for any registra-
19 tion in the name of the bond bank authority. All municipal bonds at
20 any time purchased, held or owned by the bond bank authority must
21 upon delivery to the bond bank authority be accompanied by all
22 documentation customary in the municipal bond market, including
23 approving bond opinion, certification and guaranty as to signatures,
24 and certification as to absence of litigation, and such other or
25 further documentation as shall from time to time be required in the
26 municipal bond market.

27 Sec. 44.58.280. PRESUMPTION OF VALIDITY. After issuance, all
28 bonds or notes of the bond bank authority shall be conclusively
29 presumed to be fully authorized and issued by all the laws of the

1 state, and a person or political subdivision shall be estopped from
2 questioning their authorization, sale, issuance, execution or delivery
3 by the bond bank authority.

4 Sec. 44.58.290. RESERVE FUND. (a) The bond bank authority
5 shall establish and maintain a special fund called the "Alaska Municipal
6 Bond Bank Reserve Fund" in which there shall be deposited

7 (1) all money appropriated by the legislature for the
8 purpose of the fund;

9 (2) all proceeds of bonds required to be deposited in the
10 fund by terms of any contract between the bond bank authority and
11 its bondholders or any resolution of the bond bank authority with
12 respect to the proceeds of bonds; and

13 (3) any other money or funds of the bond bank authority
14 which it determines to deposit in the fund.

15 (b) Money in the reserve fund shall be held and applied solely
16 to the payment of the interest on and principal of bonds of the bond
17 bank authority as the interest and principal become due and payable
18 and for the retirement of bonds. Money may not be withdrawn if a
19 withdrawal would reduce the amount in the reserve fund to an amount
20 less than the "required debt service reserve", as defined in this
21 subsection, except for payment of interest then due and payable on
22 bonds and the principal of bonds then maturing and payable and for the
23 retirement of bonds in accordance with the terms of any contract between
24 the bond bank authority and its bondholders and for which payments of
25 other money of the bank is not then available. As used in this sub-
26 section "required debt service reserve" means, as of any date of
27 computation, the greater of the amount or amounts required to be on
28 deposit in the reserve fund as provided by resolution of the bond bank
29 authority or the amount appropriated by the state.

1 (c) Money in the reserve fund at any time in excess of the
2 required debt service reserve, whether by reason of investment or other-
3 wise, may be withdrawn at any time by the bond bank authority and
4 transferred to any other fund or account of the bond bank authority.

5 (d) Money at any time in the reserve fund may be invested in the
6 same manner as permitted for investment of funds belonging to the state
7 or held in the treasury.

8 (e) For purposes of valuation, investments in the reserve fund
9 shall be valued at the lowest of the par value, cost to the bond bank
10 authority or market value of the investments. Valuation on any parti-
11 cular date shall include the amount of interest then earned or accrued
12 to that date on any money or investments in the reserve fund.

13 (f) Notwithstanding any other provision of this chapter, no bonds
14 shall be issued by the bond bank authority unless there is in the re-
15 serve fund the required debt service reserve for all bonds then issued
16 and outstanding and the bonds to be issued, provided that the bond
17 bank authority may satisfy this requirement by depositing so much of
18 the proceeds of the bonds to be issued, upon their issuance, as is
19 needed to achieve the required debt service reserve. The bond bank
20 authority may at any time issue its bonds or notes for the purpose
21 of increasing the amount in the reserve fund to the required debt
22 service reserve, or to meet such higher or additional reserve as may
23 be fixed by the bond bank authority with respect to the fund.

24 (g) In order to assure the maintenance of the required debt
25 service reserve in the reserve fund, the legislature shall appropriate
26 annually to the bond bank authority for deposit in the fund, that sum
27 certified by the chairman of the bond bank authority to the governor,
28 as is necessary to restore the fund to an amount equal to the required
29 debt service reserve. The chairman shall annually, on or before

1 January 1, make and deliver to the governor his certificate stating
2 the sum required to restore the fund to that amount, and the sum so
3 certified shall be appropriated and paid to the bond bank authority
4 during the then current state fiscal year. Nothing in this subsection
5 creates a debt or liability of the state.

6 Sec. 44.58.300. GENERAL FUND. (a) The bond bank authority shall
7 establish and maintain a fund called the "General Fund" in which there
8 shall be deposited

9 (1) fees received or charges made by the bank for use of its
10 services or facilities;

11 (2) any money which the bond bank authority shall transfer
12 to the general fund from the reserve fund pursuant to sec. 310(c) of
13 this chapter;

14 (3) money received by the bond bank authority as payments
15 of principal of or interest on municipal bonds purchased by the bond
16 bank authority, or received as proceeds of sale of any municipal bonds
17 or investment obligations of the bond bank authority, or received as
18 proceeds of sale of bonds or notes of the bond bank authority, and
19 required under the terms of any resolution of the bond bank authority
20 or contract with the holders of its bonds or notes to be deposited in
21 the fund;

22 (4) any money required under the terms of any resolution
23 of the bond bank authority or contract with the holders of its bonds
24 or notes to be deposited in the fund; and

25 (5) any money transferred to the fund from any other fund,
26 appropriated by the legislature for the purpose of the fund or made
27 available for the operating expenses of the bond bank authority.

28 (b) Money in the general fund may, subject to any contracts
29 between the bond bank authority and its bondholders or noteholders, be

1 transferred to the reserve fund, or if not so transferred, shall be
2 used for the payment of the principal of or interest on bonds or notes
3 of the bond bank authority when the principal and interest become due
4 and payment of any premium upon redemption prior to maturity. In
5 addition, money in the general fund may be used for the purchase of
6 municipal bonds and for all other purposes of the bond bank authority
7 including payment of its operating expenses.

8 (c) No amount may be paid out of the general fund or from any
9 account of the general fund for operating expenses of the bond bank
10 authority in any year in excess of the amount provided for the
11 operating expenses of the bank in the annual budget then in effect or
12 in any amendment of the budget in effect at the time of the payment.

13 (d) The bond bank authority may establish in the general fund
14 accounts, subaccounts or special accounts which in its opinion are
15 necessary, desirable or convenient for its purposes.

16 Sec. 44.58.310. ADDITIONAL FUNDS AND ACCOUNTS. The bond bank
17 authority may establish additional reserves or other funds or accounts
18 as may be, in its discretion, necessary, desirable, or convenient to
19 further the accomplishment of its purposes or to comply with the
20 provisions of any of its agreements or resolutions.

21 Sec. 44.58.320. APPLICATION OF FUNDS. Money or investments in
22 any fund or account of the bond bank authority established or held for
23 any bonds, notes, indebtedness or liability to be paid, funded or
24 refunded by issuance of bonds or notes shall, unless the resolution
25 authorizing the bonds or notes provides otherwise, be applied to the
26 payment or retirement of the bonds, notes, indebtedness or liability,
27 and to no other purpose. If in any fund or account there is money in
28 excess of the amount required for payment, funding or refunding, the
29 money may be removed from that fund or account but only to the extent

1 that the money or investments remaining in the fund or account are not
2 less than the outstanding bonds, notes, indebtedness or liability of
3 the bond bank authority to be paid, funded or refunded and for which
4 that fund or account was established or held.

5 Sec. 44.58.330. RIGHTS OF HOLDERS PARAMOUNT. In order to carry
6 out its purpose under this chapter of making loans to political sub-
7 divisions, by purchase of the municipal bonds of those political
8 subdivisions, and by receipt of its income from service charges and
9 from payments of interest on the maturing principal of municipal bonds
10 purchased and held by it, and in order to produce revenues or income to
11 the bond bank authority sufficient at all times to meet its costs and
12 expenses of operation under this chapter and to pay the principal of
13 and interest on its outstanding bonds and notes when due, the bond
14 bank authority must at all times, and to the greatest extent possible,
15 so plan to issue its bonds and notes and so lend money to political
16 subdivisions so that the purpose is achieved without in any way
17 jeopardizing any rights of the holders of bonds or notes of the bond
18 bank authority or affecting other matters under this chapter.

19 Sec. 44.58.340. DEFAULT IN PAYMENT. If the bond bank authority
20 defaults in the payment of principal or interest on any issue of notes
21 or bonds after they become due, whether at maturity or upon call for
22 redemption, and the default continues for 30 days, or if the bank
23 fails or refuses to comply with this chapter or defaults in any agree-
24 ment made with the holders of any issue of notes or bonds, the holders
25 of 25 per cent in the aggregate principal amount of the outstanding
26 notes or bonds of that issue, by instrument filed in the office of
27 the clerk of the district court of the first judicial district and
28 executed in the same manner as a deed to be recorded, may appoint a
29 trustee to represent the holders of those notes or bonds for the

1 purposes provided in this chapter.

2 Sec. 44.58.350. POWERS AND DUTIES OF TRUSTEE ON DEFAULT. (a)

3 A trustee appointed under sec. 340 of this chapter may, and shall in
4 his or its name, upon written request of the holders of 25 per cent
5 in principal amount of the outstanding notes or bonds

6 (1) by mandamus or other suit, action or proceeding at law
7 or in equity, enforce all rights of the noteholders or bondholders,
8 including the right to require the bond bank authority to collect rates,
9 charges and other fees and to collect interest and amortization payments
10 on municipal bonds and notes held by it adequate to carry out any
11 agreement as to, or pledge of, the rates, charges and other fees and
12 of the interest and amortization payments, and to require the bond bank
13 authority to carry out any other agreements with the holders of the
14 notes or bonds and to perform its duties under this chapter;

15 (2) bring suit upon the notes or bonds;

16 (3) by action or suit, require the bond bank authority to
17 account as if it were the trustee of an express trust for the holders
18 of the notes or bonds;

19 (4) by action or suit in equity enjoin anything which may
20 be unlawful or in violation of the rights of the holders of the notes
21 or bonds;

22 (5) declare all the notes or bonds due and payable, and if
23 all defaults are made good, then with the consent of the holders of 25
24 per cent of the principal amount of the outstanding notes or bonds,
25 annul the declaration and its consequences;

26 (6) the trustee shall in addition to the foregoing have
27 all the powers necessary for the exercise of any functions specifically
28 set forth or incident to the general representation of bondholders or
29 noteholders in the enforcement and protection of their rights.

1 (b) Before declaring the principal of notes or bonds due and
2 payable, the trustee must first give 30 days notice in writing to the
3 governor, the bond bank authority, the commissioner of revenue and the
4 attorney general of the state.

5 Sec. 44.58.360. PERSONAL LIABILITY. Neither the members of the
6 bond bank authority nor any person executing bonds or notes issued
7 under this chapter are liable personally on the bonds or notes.

8 Sec. 44.58.370. EXEMPTION FROM EXECUTION AND SALE. All property
9 of the bond bank authority is exempt from levy and sale by virtue of
10 an execution and no execution or other judicial process may issue
11 against the property. A judgment against the bond bank authority may
12 not be a charge or lien upon its property, however nothing in this
13 section applies to or limits the rights of the holder of bonds or notes
14 to pursue a remedy for the enforcement of a pledge or lien given by the
15 bond bank authority on its revenues or other money.

16 Sec. 44.58.380. LIEN OF PLEDGE. A pledge of revenues or other
17 money made by the bond bank authority is binding from the time when
18 the pledge is made. Revenues or other money so pledged and thereafter
19 received by the bond bank authority are immediately subject to the lien
20 of the pledge without any further act, and the lien of any pledge is
21 binding against all parties having claims of any kind in tort, contract
22 or otherwise against the bond bank authority, irrespective of whether
23 the parties have notice of the lien. Neither the resolution nor any
24 other instrument by which a pledge is created need be filed or recorded
25 except in the records of the bond bank authority.

26 Sec. 44.58.390. FEDERAL INSURANCE OR GUARANTY. The bond bank
27 authority may obtain from any department or agency of the United States
28 any available insurance or guaranty for the payment or repayment of
29 interest or principal, or both, or any part of interest or principal,

1 on any bonds or notes issued by the bond bank authority, or on any
2 municipal bonds of political subdivisions purchased or held by the
3 bond bank authority, and notwithstanding other provisions of this
4 chapter may enter into any agreement or contract with respect to any
5 insurance or guaranty except to the extent that the agreement or
6 contract would in any way impair or interfere with the ability of the
7 bond bank authority to perform and fulfill the terms of any agreement
8 made with the holders of the bonds or notes of the bond bank authority.

9 Sec. 44.58.400. SURETY FOR DEPOSITS BY BANK. All banks, trust
10 companies, savings banks, investment companies and other persons carry-
11 ing on a banking business are authorized to give to the bond bank
12 authority a good and sufficient undertaking with such sureties as shall
13 be approved by the bank to the effect that the bank or banking institu-
14 tion shall faithfully keep and pay over to the order of or upon the
15 warrant of the bond bank authority or its authorized agent all such
16 funds as may be deposited with it by the bank and agreed interest
17 under or by reason of this chapter, at such times or upon such demands
18 as may be agreed with the bank or in lieu of these sureties, deposit
19 with the bond bank authority or its authorized agent or any trustee or
20 for the holders of any bonds, as collateral, those securities as the
21 bond bank authority may approve. The deposits of the bond bank
22 authority may be evidenced by an agreement in that form and upon those
23 terms and conditions as may be agreed upon by the bond bank authority
24 and the depository bank or banking institution.

25 Sec. 44.58.410. EXPENSES OF ADMINISTRATION. All expenses incurred
26 in carrying out this chapter are payable solely from revenues or funds
27 provided under this chapter and nothing in this chapter authorizes the
28 bond bank authority to incur any indebtedness or liability on behalf
29 of or payable by the state.

1 Sec. 44.58.420. COOPERATION BY GOVERNMENT AGENCIES. All officers,
2 departments, boards, agencies, divisions and commissions of the state
3 must render any services to the bond bank authority as are within the
4 area of their respective governmental functions and as may be requested
5 by the bond bank authority and must comply promptly with any reasonable
6 request by the bank relating to making of any study or review as to
7 desirability, need, cost or expense or financial feasibility with
8 respect to any public project, purpose or improvement, or the financial
9 or fiscal responsibility or ability of any political subdivision making
10 application for loan to the bond bank authority and for the purchase
11 by the bond bank authority of municipal bonds to be issued by that
12 political subdivision. The cost and expense of any services requested
13 by the bank shall, at the request of the officer, department, board,
14 agency, division or commission rendering the service, be paid by the
15 bond bank authority.

16 Sec. 44.58.430. DEFINITIONS. In this chapter, unless the context
17 clearly requires otherwise

18 (1) "bond bank authority" means the Alaska municipal bond
19 bank authority established by sec. 20 of this chapter;

20 (2) "bonds" means bonds of the bond bank authority issued
21 under this chapter;

22 (3) "general fund" means the fund established under sec. 300
23 of this chapter;

24 (4) "municipal bond" means a bond or note or evidence of
25 debt which a political subdivision may issue, but does not include any
26 bond or note or evidence of debt issued by any other state or any
27 public body or municipal corporation of any other state;

28 (5) "political subdivision" means a city or organized
29 borough, and also means a unified municipality organized pursuant to

1 AS 29.85;

2 (6) "notes" means any notes of the bond bank authority issued
3 under this chapter;

4 (7) "public body" means any public body corporate and politic
5 or any political subdivision of the state established under any law of
6 the state which may issue its municipal bonds or notes;

7 (8) "reserve fund" means the Alaska municipal bond bank
8 reserve fund established under sec. 290 of this chapter; and

9 (9) "revenues" means all fees, charges, money, profits,
10 payments of principal of or interest on municipal bonds and other
11 investments, gifts, grants, contributions, appropriations and all
12 other income derived or to be derived by the bond bank authority under
13 this chapter.

14 Sec. 44.58.440. SHORT TITLE. This chapter may be cited as the
15 Alaska Municipal Bond Bank Authority Act.

16 * Sec. 2. This Act takes effect on the day after its passage and approval
17 or on the day it becomes law without approval.