

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/27/72
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 402

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND 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 confirmation 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 to 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 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 bond bank authority are vested in the directors and three directors of
22 the bond bank authority shall constitute a quorum. A quorum must always
23 include the commissioner of revenue. Action may be taken and motions
24 and resolutions adopted by the bond bank authority at any meeting by
25 the affirmative vote of at least three directors. No vacancy in the
26 directorship of the bond bank authority may impair the right of a quorum
27 to exercise all the powers and perform all the duties of the bond bank
28 authority.

29 Sec. 44.58.050. BONDING OF MEMBERS. Before the issuance of any

1 bonds or notes under this chapter, each director shall execute a surety
2 bond in the penal sum of \$25,000 and the treasurer shall execute a
3 surety bond in the penal sum of \$50,000. Each surety bond shall be
4 conditioned upon the faithful performance of the duties of the office
5 of the director or treasurer, to be executed by a surety company
6 authorized to transact business in the State of Alaska as surety and
7 filed in the office of the lieutenant governor. After issuance of any
8 bonds or notes by the bond bank authority each director shall maintain
9 his surety bond in force. All costs of the surety bonds shall be
10 borne by the bond bank 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 neces-
14 sarily incurred in the discharge of their duties. Notwithstanding any
15 other law, an officer or employee of the state shall not be considered
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 bond bank authority may employ such
19 officers, agents and employees as it may require and determine their
20 qualifications, 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 considered 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 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 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 except for investment
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 bond bank authority may at any time adopt an amended annual bud-
29 get for 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 authority
5 may enter into agreements or contracts with any bank, trust company,
6 banking or financial institution within or without the state as may
7 be necessary, desirable or convenient in the opinion of the bond bank
8 authority for rendering services in connection with the care, custody
9 or safekeeping of municipal bonds or other investments held or owned
10 by the bond bank authority and services in connection with the payment
11 or collection of amounts payable as to principal or interest, and for
12 services in connection with the delivery to the bond bank authority of
13 municipal bonds or other investments purchased by it or sold by it,
14 and to pay the cost of those services. The bond bank authority may
15 also, in connection with any of the services to be rendered by any
16 banks, trust companies or banking or financial institutions as to the
17 custody and safekeeping of any of its municipal bonds or investments,
18 require security in the form of collateral bonds, surety agreements
19 or security agreements in such form and amount as, in the opinion of
20 the bond bank authority, is necessary or desirable.

21 Sec. 44.58.140. EFFECT OF OBLIGATIONS. (a) Bonds and notes issued
22 under this chapter are not a debt or liability of the state and do not
23 create or constitute an indebtedness, liability or obligation of the
24 state nor are they or do they constitute a pledge of the faith and
25 credit of the state. All bonds and notes, issued under this chapter,
26 unless funded or refunded by bonds or notes or the bond bank authority,
27 are general obligations of the authority to which the full faith and
28 credit of the authority are pledged to the payments thereof, except to
29 the extent provided by the resolution authorizing the issuance thereof.

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

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

3 (1) the purchase of municipal bonds;

4 (2) the making of loans;

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

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

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

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

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

1 interest per annum or within such maximum rate, be in the denomination
2 or denominations, be in the form, either coupon or registered, carry the
3 conversion or registration privileges, have the rank or priority, be
4 executed in the manner, be payable from the sources in the medium of
5 payment at the place or places within or without the state, and be sub-
6 ject to the terms of redemption, with or without premium, as the resolu-
7 tion of the bond bank authority provides.

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

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

15 Sec. 44.58.270. MARKETABILITY AND CERTIFICATION. All municipal
16 bonds or other investments of money of the bond bank authority provided
17 for under this chapter must at all times be purchased and held in fully
18 marketable form, subject to provision for any registration in the name
19 of the bond bank authority. All municipal bonds at any time purchased,
20 held or owned by the bond bank authority must upon delivery to the bond
21 bank authority be accompanied by all documentation required by the
22 authority.

23 Sec. 44.58.280. PRESUMPTION OF VALIDITY. After issuance, all
24 bonds or notes of the bond bank authority shall be conclusively presumed
25 to be fully authorized and issued by all the laws of the state, and a
26 person or political subdivision shall be estopped from questioning
27 their authorization, sale, issuance, execution or delivery by the bond
28 bank authority.

29 Sec. 44.58.290. RESERVE FUND. (a) The bond bank authority shall

1 establish and maintain a special fund called the "Alaska Municipal Bond
2 Bank Reserve Fund" in which there shall be deposited

3 (1) all money appropriated by the legislature for the purpose
4 of the fund;

5 (2) all proceeds of bonds required to be deposited in the
6 fund by terms of any contract between the bond bank authority and its
7 bondholders or any resolution of the bond bank authority with respect
8 to the proceeds of bonds; and

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

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

27 (c) Money in the reserve fund at any time in excess of the
28 required debt service reserve as defined in (b) of this section,
29 whether by reason of investment or otherwise, may be withdrawn at any

1 time by the bond bank authority and transferred to any other fund or
2 account of the bond bank authority.

3 (d) Money at any time in the reserve fund may be invested in the
4 same manner and on the same conditions as permitted for investment of
5 funds belonging to the state or held in the treasury pursuant to
6 AS 37.10.070, provided that the authority may agree with the bond-
7 holders to further limit these investments.

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

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

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

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

7 (h) The income in the reserve fund produced by any state contribu-
8 tion to the fund is to be placed in the general fund.

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

14 Sec. 44.58.320. APPLICATION OF FUNDS. Money or investments in
15 any fund or account of the bond bank authority established or held
16 for any bonds, notes, indebtedness or liability to be paid, funded
17 or refunded by issuance of bonds or notes shall, unless the resolution
18 authorizing the bonds or notes provides otherwise, be applied to the
19 payment or retirement of the bonds, notes, indebtedness or liability,
20 and to no other purpose.

21 Sec. 44.58.330. RIGHTS OF HOLDERS PARAMOUNT. In order to carry
22 out its purpose under this chapter of making loans to political sub-
23 divisions, by purchase of the municipal bonds of those political
24 subdivisions, and by receipt of its income from service charges and
25 from payments of interest on the maturing principal of municipal bonds
26 purchased and held by it, and in order to produce revenues or income
27 to the bond bank authority sufficient at all times to meet its costs
28 and expenses of operation under this chapter and to pay the principal
29 of and interest on its outstanding bonds and notes when due, the bond

1 bank authority must at all times, and to the greatest extent possible,
2 so plan to issue its bonds and notes and so lend money to political
3 subdivisions so that the purpose is achieved without in any way
4 jeopardizing any rights of the holders of bonds or notes of the bond
5 bank authority or affecting other matters under this chapter.

6 Sec. 44.58.340. DEFAULT IN PAYMENT. If the bond bank authority
7 defaults in the payment of principal or interest on any issue of notes
8 or bonds after they become due, whether at maturity or upon call for
9 redemption, and the default continues for 30 days, or if the bond
10 bank authority fails or refuses to comply with this chapter or defaults
11 in any agreement made with the holders of any issue of notes or bonds,
12 the holders of 25 per cent in the aggregate principal amount of the
13 outstanding notes or bonds of that issue, by instrument filed in the
14 office of the clerk of the district court of the first judicial dis-
15 trict and executed in the same manner as a deed to be recorded, may
16 appoint a trustee to represent the holders of those notes or bonds
17 for the purposes provided in this chapter.

18 Sec. 44.58.350. POWERS AND DUTIES OF TRUSTEE ON DEFAULT. (a)
19 A trustee appointed under sec. 340 of this chapter may, and shall in
20 his or its name, upon written request of the holders of 25 per cent
21 in principal amount of the outstanding notes or bonds

22 (1) by mandamus or other suit, action or proceeding at law
23 or in equity, enforce all rights of the noteholders or bondholders,
24 including the right to require the bond bank authority to collect rates
25 charges and other fees and to collect interest and amortization pay-
26 ments on municipal bonds and notes held by it adequate to carry out
27 any agreement as to, or pledge of, the rates, charges and other fees
28 and of the interest and amortization payments, and to require the bond
29 bank authority to carry out any other agreements with the holders of

1 the notes or bonds and to perform its duties under this chapter;

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

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

6 (4) by action or suit in equity enjoin anything which may
7 be unlawful or in violation of the rights of the holders of the notes
8 or bonds;

9 (5) declare all the notes or bonds due and payable, and if
10 all defaults are made good, then with the consent of the holders of
11 25 per cent of the principal amount of the outstanding notes or bonds,
12 annul the declaration and its consequences;

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

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

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

24 Sec. 44.58.370. EXEMPTION FROM EXECUTION AND SALE. All property
25 of the bond bank authority is exempt from levy and sale by virtue of
26 an execution and no execution or other judicial process may issue
27 against the property. A judgment against the bond bank authority may
28 not be a charge or lien upon its property; however, nothing in this
29 section applies to or limits the rights of the holder or bonds or notes

1 to pursue a remedy for the enforcement of a pledge or lien given by
2 the bond bank authority on its revenues or other money.

3 Sec. 44.58.380. LIEN OF PLEDGE. A pledge of revenues or other
4 money made by the bond bank authority is binding from the time when
5 the pledge is made. Revenues or other money so pledged and thereafter
6 received by the bond bank authority are immediately subject to the lien
7 of the pledge without any further act, and the lien of any pledge is
8 binding against all parties having claims of any kind in tort, contract
9 or otherwise against the bond bank authority, irrespective of whether
10 the parties have notice of the lien. Neither the resolution nor any
11 other instrument by which a pledge is created need be filed or recorded
12 except in the records of the bond bank authority.

13 Sec. 44.58.390. FEDERAL INSURANCE OR GUARANTY. The bond bank
14 authority may obtain from any department or agency of the United States
15 any available insurance or guaranty for the payment or repayment of
16 interest or principal, or both, or any part of interest or principal,
17 on any bonds or notes issued by the bond bank authority, or on any
18 municipal bonds of political subdivisions purchased or held by the
19 bond bank authority, and notwithstanding other provisions of this
20 chapter may enter into any agreement or contract with respect to any
21 insurance or guaranty except to the extent that the agreement or
22 contract would not in any way impair or interfere with the ability of
23 the bond bank authority to perform and fulfill the terms of any agree-
24 ment made with the holders of the bonds or notes of the bond bank
25 authority.

26 Sec. 44.58.400. SURETY FOR DEPOSITS BY BANK. All banks, trust
27 companies, savings banks, investment companies and other persons carry-
28 ing on a banking business are authorized to give to the bond bank
29 authority a good and sufficient undertaking with such sureties as shall

1 be approved by the bank to the effect that the bank or banking institu-
2 tion shall faithfully keep and pay over to the order of or upon the
3 warrant of the bond bank authority or its authorized agent all such
4 funds as may be deposited with it by the bank and agreed interest
5 under or by reason of this chapter, at such times or upon such demands
6 as may be agreed with the bank or in lieu of these sureties, deposit
7 with the bond bank authority or its authorized agent or any trustee
8 or for the holders of any bonds, as collateral, those securities as
9 the bond bank authority may approve. The deposits of the bond bank
10 authority may be evidenced by an agreement in that form and upon those
11 terms and conditions as may be agreed upon by the bond bank authority
12 and the depository bank or banking institution.

13 Sec. 44.58.410. EXPENSES OF ADMINISTRATION. All expenses
14 incurred in carrying out this chapter are payable solely from revenues
15 or funds provided under this chapter and nothing in this chapter
16 authorizes the bond bank authority to incur any indebtedness or lia-
17 bility on behalf of or payable by the state.

18 Sec. 44.58.420. COOPERATION BY GOVERNMENT AGENCIES. All officers,
19 departments, boards, agencies, divisions and commissions of the state
20 must render any services to the bond bank authority as are within the
21 area of their respective governmental functions and as may be requested
22 by the bond bank authority and must comply promptly with any reasonable
23 request by the bank relating to making of any study or review as to
24 desirability, need, cost or expense or financial feasibility with
25 respect to any public project, purpose or improvement, or the financial
26 or fiscal responsibility or ability of any political subdivision making
27 application for loan to the bond bank authority and for the purchase
28 by the bond bank authority of municipal bonds to be issued by that
29 political subdivision. The cost and expense of any services requested

1 by the bank shall, at the request of the officer, department, board,
2 agency, division or commission rendering the service, be paid by the
3 bond bank authority.

4 Sec. 44.58.430. DEFINITIONS. In this chapter, unless the context
5 clearly requires otherwise,

6 (1) "bond bank authority" means the Alaska Municipal Bond
7 Bank Authority established by sec. 20 of this chapter;

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

10 (3) "municipal bond" means a bond or note or evidence of
11 debt which constitutes a direct and general obligation of a political
12 subdivision of the state all the taxable property within which is
13 subject to taxation to pay the bond, note or evidence of debt, and
14 the interest without limitation as to rate or amount;

15 (4) "political subdivision" means a city or organized
16 borough, and also means a unified municipality organized pursuant to
17 AS 29.85;

18 (5) "notes" means any notes of the bond bank authority
19 issued under this chapter;

20 (6) "public body" means any public body corporate and poli-
21 tic or any political subdivision of the state established under any
22 law of the state which may issue municipal bonds;

23 (7) "reserve fund" means the Alaska Municipal Bond Bank
24 Reserve Fund established under sec. 290 of this chapter; and

25 (8) "revenues" means all fees, charges, money, profits,
26 payments of principal of or interest on municipal bonds and other
27 investments, gifts, grants, contributions, appropriations and all
28 other income derived or to be derived by the bond bank authority under
29 this chapter.

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

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

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29