

Original sponsor: Rules Committee by  
request of the Governor

Offered: 5/16/72  
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 531

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 the international airports revenue  
7 bonds; and providing for an effective date."

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

9 \* Section 1. AS 37.15 is amended by adding new sections to read:

10 ARTICLE 3. INTERNATIONAL AIRPORTS REVENUE BONDS.

11 Sec. 37.15.410. BOND AUTHORIZATION. For the purpose of providing  
12 part or all of the money to be used, with or without any grants or  
13 other money which may become available, the issuance and sale of  
14 revenue bonds of the state in the total principal sum of not to exceed  
15 \$31,225,000 is authorized to acquire, equip, construct and install  
16 the additions, improvements, extensions and facilities authorized in  
17 sec. 510 of this chapter. The principal of and interest on these  
18 bonds shall be paid out of and secured by the gross revenues derived  
19 by the state from the ownership, lease, use and operation of the  
20 airports, and of all the facilities of them and out of any other  
21 revenues or money which the state legislature may provide exclusive  
22 of any state tax or license.

23 Sec. 37.15.420. CONSTRUCTION FUND. (a) There is a special  
24 fund of the state known as the "International Airports Construction  
25 Fund", into which shall be paid the proceeds of the sale of the bonds  
26 (except any accrued interest paid on them, which shall be paid into  
27 the bond redemption fund) and any grant or other money which is legally  
28 provided for the same purposes for which the bonds are authorized.  
29 The money in the construction fund shall be used to pay the costs of

1 acquiring, equipping, constructing and installing additions and  
2 improvements to and extensions of and facilities for the airports and  
3 costs incidental thereto, including costs of the authorization,  
4 issuance and sale of the bonds. To the extent provided in the bond  
5 resolution, money in the construction fund may also be used for the  
6 payment of interest on the bonds during the period of actual construc-  
7 tion, and for such further period, not exceeding one year after the  
8 period of construction, as may be provided in the bond resolution.  
9 Money in the construction fund may also be transferred to the bond  
10 redemption fund, to the extent provided in the bond resolution, to  
11 establish a reserve for the payment of the principal of and interest  
12 on the bonds.

13 (b) The bond resolution may provide for the investment of money  
14 in the construction fund in such manner as the committee may determine.  
15 The interest earned upon, or any profits derived from the sale of,  
16 this investment shall be deposited in and become a part of the con-  
17 struction fund.

18 Sec. 37.15.430. REVENUE FUND. (a) There is another special  
19 fund of the state, known as the "International Airports Revenue Fund",  
20 which shall be completely segregated and set apart from all other  
21 funds of the state, which is a trust fund for the uses and purposes  
22 provided in secs. 410 - 550 of this chapter, and into which shall be  
23 paid all revenues, fees, charges and rentals derived by the state  
24 from the ownership, lease, use and operation of the airports and all  
25 of the facilities and improvements of them and facilities and improve-  
26 ments used in connection with them. These revenues, charges, fees  
27 and rentals shall not include the proceeds of any state tax or license.  
28 The money in the revenue fund shall only be used for the purpose of  
29 paying or securing the payment of the principal of and interest on the

1 bonds and of and on any other revenue bonds issued by authorization of  
2 the legislature to provide funds to acquire, equip, construct and  
3 install additions and improvements to, and extensions of and facilities  
4 for, the airports and to be payable out of the revenue fund, the  
5 purpose of paying the normal and necessary costs of maintaining and  
6 operating the airports and all of the improvements and facilities of  
7 them, the purpose of paying the costs of renewals, replacements and  
8 extraordinary repairs to the airports and all of the improvements and  
9 facilities of them, the purpose of redeeming before their fixed  
10 maturities any and all revenue bonds issued for the purposes of the  
11 airports, the purpose of providing funds to acquire, construct and  
12 install necessary additions and improvements to and extensions of and  
13 facilities for the airports and all of their facilities, and the  
14 purpose of providing funds to pay any and all other costs relating to  
15 the ownership, use and operation of the airports.

16 (b) The investment of money in the revenue fund may be made in  
17 such manner as the committee may determine. The interest earned upon,  
18 or any profits derived from the sale of, this investment shall be  
19 deposited in and become a part of the revenue fund.

20 Sec. 37.15.440. REDEMPTION FUND. There is another special fund  
21 of the state, known as the "International Airports Revenue Bond  
22 Redemption Fund", which is a trust fund for paying and securing the  
23 payment of the principal of and interest and redemption premium, if  
24 any, on the bonds and which shall be at all times completely segregated  
25 and set apart from all other funds of the state. The committee, on  
26 behalf of the state, shall obligate and bind the state to set aside  
27 and pay into the bond redemption fund any part or parts of, or all of,  
28 or a fixed proportion of, or a fixed amount of the money in the revenue  
29 fund sufficient to pay the principal of and interest and redemption

1 premium, if any, on the bonds as the payments become due and, if it  
2 considers it necessary, to set aside and maintain reserves for this  
3 purpose. The bond redemption fund shall be drawn upon for the purpose  
4 of paying the principal of and interest and redemption premium, if any,  
5 on the bonds, and the bonds do not constitute a general obligation of  
6 the state.

7 Sec. 37.15.450. BOND TERMS. (a) The bonds shall be sold in  
8 such amounts or series and at such time or times as determined by the  
9 committee. The bonds, or each series of them, shall be sold at such  
10 a price so that the effective interest rate over the life of the bonds  
11 does not exceed eight per cent per year. Interest shall be payable  
12 annually or semiannually.

13 (b) The bonds shall mature at such time or times as fixed by the  
14 committee and shall be sold at public sale, and notice of the sale  
15 shall be published at least once a week for two consecutive weeks in a  
16 newspaper of general circulation in each of the four most populous  
17 senate districts of the state as established by the last federal census  
18 before the sale. The first such publication in each district shall be  
19 at least 20 days before the sale date. The bonds may be subject to  
20 redemption before their fixed maturities as determined by the committee  
21 and with such premium or premiums as fixed by the committee, but no  
22 bond may be subject to redemption before its fixed maturity date unless  
23 the right so to redeem that bond is expressly mentioned on the face  
24 of the bond. The bonds may be in denominations determined by the  
25 committee; may be issued in coupon form or in fully registered form,  
26 and may be registrable as to principal or both principal and interest,  
27 all under such regulations and conditions as the committee shall pro-  
28 vide; shall be payable as to principal and interest at such place or  
29 places as may be determined by the committee; shall be signed on

1 behalf of the state by the governor and shall be attested by the  
2 lieutenant governor, both of which signatures may be facsimile signa-  
3 tures; shall have the seal of the state impressed, printed or litho-  
4 graphed on them, and each of the interest coupons attached to them  
5 shall be signed by the facsimile signatures of these officials; shall  
6 be issued under and subject to such terms, conditions and covenants  
7 providing for the payment of the principal of them and interest on  
8 them and such other terms, conditions, covenants and protective  
9 features safeguarding this payment and relating to the maintenance,  
10 operation and improvement of the airports as found necessary by the  
11 committee, which covenants may include a provision requiring the setting  
12 aside and maintenance of certain reserves to secure the payment of this  
13 principal and interest. The committee may provide that any additional  
14 bonds authorized after the effective date of this Act by the legislature  
15 to be payable out of the same source or sources as the bonds authorized  
16 as of that date may later be issued on a parity with the bonds  
17 authorized as of that date upon compliance with any conditions which  
18 the committee may prescribe.

19 (c) If found reasonably necessary, the committee may select a  
20 trustee or trustees for the holders of the bonds or any series of them,  
21 for the safeguarding and disbursement of any of the money in any of  
22 the funds created by secs. 420, 430 and 440 of this chapter, or for  
23 such duties with respect to the authentication, delivery and registra-  
24 tion of the bonds as the committee may determine, and shall fix the  
25 rights, duties, powers and obligations of the trustee or trustees.

26 (d) In its determination of all of the matters and questions  
27 relating to the issuance and sale of the bonds and the fixing of the  
28 maturities, terms, conditions and covenants of them as provided in  
29 (a), (b) and (c) of this section, the decisions of the committee shall

1 be those found to be reasonably necessary for the best interests of  
2 the state and its inhabitants, and those which will accomplish the most  
3 advantageous sale of the bonds, with due regard, however, to necessary  
4 or normal costs of maintenance and operation, renewals and replacements  
5 of and repairs to the airports and to all improvements to them and  
6 facilities of them owned, used, operated or leased in connection with  
7 them, the future growth and expansion of the airports and all of such  
8 facilities, and the possibility of additional revenue bond financing  
9 for airports purposes. Any such decisions of the committee, as expressed  
10 in any bond resolution, are final and conclusive when any bonds have  
11 been issued pursuant to the bond resolution.

12 (e) A bond resolution may provide that the bonds issued shall  
13 contain a recital that they are issued pursuant to secs. 410 - 550 of  
14 this chapter, and any such bonds containing this recital shall be con-  
15 clusively considered to be valid and to have been issued in conformity  
16 with secs. 410 - 550 of this chapter.

17 (f) The validity of the authorization and issuance of bonds is  
18 not affected by any proceedings for the acquisition or construction of  
19 the additions, improvements, extensions or facilities for which the  
20 bonds have been issued or by any contracts in connection with the  
21 acquisition or construction.

22 Sec. 37.15.460. BOND RESOLUTION. The committee is authorized and  
23 directed to adopt the bond resolution and prepare all other documents  
24 and proceedings necessary for the issuance, sale and delivery of the  
25 bonds or any part or series of them. The bond resolution shall fix the  
26 principal amount, denomination, date, maturities, place or places of  
27 payment, rights of redemption, if any, terms, form, conditions and  
28 covenants of the bonds or each series of them. The committee shall  
29 also determine and provide for the date and manner of sale of the bonds,

1 and shall provide whether the notice of sale is to be published else-  
2 where in addition to the publication required by sec. 450 of this  
3 chapter.

4 Sec. 37.15.470. ENFORCEMENT BY HOLDER. The holder of any bonds  
5 or the trustee for the holders of the bonds or any series of them, may  
6 by appropriate proceedings in the courts of record of the state,  
7 require and compel the transfer, setting aside and payment of money  
8 and the enforcement of all of the terms, conditions and covenants as  
9 required and provided in secs. 410 - 550 of this chapter and in the  
10 bond resolution.

11 Sec. 37.15.480. AMOUNTS REQUIRED FOR PAYMENTS. The committee  
12 shall, before December 31 of each year, commencing with the year in  
13 which the bonds are issued, certify to the commissioners of revenue and  
14 public works the amounts required in the next ensuing calendar year  
15 by the bond resolution or resolutions to be paid out of the revenue  
16 fund into the bond redemption fund and to be paid into and maintained  
17 in any reserve fund or account or any other fund or account created  
18 by the bond resolution or resolutions, and shall also certify to the  
19 commissioners the last date or dates upon which payments may be made.

20 Sec. 37.15.490. BOND NEGOTIABILITY. The bonds and the coupons  
21 attached to them are fully negotiable instruments under the laws of  
22 the state.

23 Sec. 37.15.500. AIRPORT CHARGES. The commissioner of public  
24 works shall fix and collect such fees, charges and rentals derived by  
25 the state from the ownership, lease, use and operation of the airports  
26 and all of the facilities and improvements of them or used in connection  
27 with them as will provide revenues sufficient to comply with all of the  
28 covenants of the bond resolution.

29 Sec. 37.15.510. STATE IMPROVEMENTS TO AIRPORTS. The state is

1 authorized to acquire, equip, construct and install additions and  
2 improvements to and extensions of the airports, facilities for the  
3 landing, parking, loading, storing, repairing, safety and utility of  
4 aircraft at the airports and passenger, freight and terminal facilities,  
5 including safety equipment and devices at the airports, found to be  
6 necessary by the commissioner of public works.

7 Sec. 37.15.520. REFUNDING. (a) The bonds or any part of them  
8 may be refunded at or before their maturity by the issuance of refunding  
9 revenue bonds of the state if in the opinion of the committee refunding  
10 is advantageous to and in the best interests of the state and its  
11 inhabitants.

12 (b) The issuance of refunding bonds need not be authorized by  
13 an Act of the legislature, and the committee is authorized and directed  
14 to adopt the resolution or resolutions and prepare all other documents  
15 and proceedings necessary for the issuance, exchange or sale, and  
16 delivery of such bonds. All provisions of secs. 410 - 550 of this  
17 chapter applicable to revenue bonds are applicable to the refunding  
18 bonds and to the issuance, sale or exchange of them, except as otherwise  
19 provided in this section.

20 (c) Refunding bonds may be issued in a principal amount sufficient  
21 to provide funds for the payment of all bonds to be refunded by them,  
22 and, in addition, for the payment of all expenses incident to the  
23 calling, retiring or paying of the outstanding bonds, and the issuance  
24 of the refunding bonds. These expenses include the difference in  
25 amount between the par value of the refunding bonds and any amount less  
26 than par for which the refunding bonds are sold, any amount necessary  
27 to be made available for the payment of interest upon the refunding  
28 bonds from the date of sale of them to the date of payment of the bonds  
29 to be refunded or to the date upon which the bonds to be refunded will

1 be paid pursuant to the call of them or agreement with the holders of  
2 them, and the premium, if any, necessary to be paid in order to call or  
3 retire the outstanding bonds and the interest accruing on them to the  
4 date of the call or retirement.

5 Sec. 37.15.530. BONDS AS LEGAL INVESTMENTS. The bonds are legal  
6 investments for all banks, trust companies, savings banks, savings and  
7 loan associations and other persons carrying on a banking business,  
8 all insurance companies and other persons carrying on an insurance  
9 business, and all executors, administrators, trustees and other fiduci-  
10 aries. The bonds may be accepted as security for deposits of all  
11 funds of the state and its political subdivisions.

12 Sec. 37.15.540. STATUTORY CONSTRUCTION. Secs. 410 - 550 of this  
13 chapter shall be liberally construed in order to carry out the purposes  
14 for which they were enacted, and all existing laws in conflict with any  
15 of these sections are superseded insofar as necessary to accomplish the  
16 purposes of and carry out the provisions of these sections.

17 Sec. 37.15.550. DEFINITIONS. As used in secs. 410 - 550 of this  
18 chapter, unless the context otherwise requires:

19 (1) "airports" means the international airports owned and  
20 operated by the state and located at or near the cities of Anchorage  
21 and Fairbanks;

22 (2) "bond redemption fund" means the International Airports  
23 Revenue Bond Redemption Fund created by sec. 440 of this chapter,  
24 including any accounts which are created in that fund after the effec-  
25 tive date of this Act;

26 (3) "bond resolution" means the resolution or resolutions  
27 authorizing the issuance of bonds, adopted by the committee under  
28 sec. 460 of this chapter;

29 (4) "bonds" means the international airports revenue bonds

1 authorized by secs. 410 - 550 of this chapter;

2 (5) "commissioner of public works" means the principal  
3 executive officer of the Department of Public Works of the state as  
4 provided in AS 44.43.010, or his successor;

5 (6) "commissioner of revenue" means the principal executive  
6 officer of the Department of Revenue of the state as provided in  
7 AS 44.25.010, or his successor;

8 (7) "committee" means the state bond committee created by  
9 sec. 110 of this chapter, or any other committee, body, department or  
10 officer of the state which or who succeeds to the rights, powers,  
11 duties and obligations of the state bond committee by lawful act of  
12 the legislature;

13 (8) "construction fund" means the International Airports  
14 Construction Fund created by sec. 420 of this chapter;

15 (9) "revenue fund" means the International Airports Revenue  
16 Fund created by sec. 430 of this chapter.

17 \* Sec. 2. For the purpose of carrying out the provisions of AS 37.15.410  
18 37.15.550, there is appropriated from the International Airports Construction  
19 Fund the sum of

20 (1) \$9,225,000, together with the amounts of any grant or other  
21 money paid into the fund for the same purpose, for acquisition, construction  
22 and equipping of facilities previously funded through revenue bond issues  
23 dated June 1, 1968 and June 1, 1969 (authorized by ch. 80, SLA 1968);

24 (2) \$8,700,000 for the acquisition, construction and equipping of  
25 airport facilities as authorized in AS 37.15.510 at Anchorage International  
26 Airport (authorized by ch. 173, SLA 1970);

27 (3) \$2,000,000 for the acquisition, construction and equipping of  
28 airport facilities as authorized in AS 37.15.510 at Fairbanks International  
29 Airport (authorized by ch. 173, SLA 1970); and

1           (4) \$11,300,000 for the acquisition, construction and equipping  
2 of airport facilities as authorized in AS 37.15.510 at Anchorage and Fairbanks  
3 International Airports (new authorization).

4       \* Sec. 3. Ch. 88 SLA 1961; chs. 62 and 80 SLA 1968; sec. 79, ch. 69  
5 SLA 1970; ch. 173 SLA 1970; and ch. 46 SLA 1971 are repealed.

6       \* Sec. 4. This Act codifies the "temporary" law pertaining to the inter-  
7 national airport revenue bonds. The repeal of statutes by sec. 3 of this  
8 Act does not affect existing bonds or actions that have been taken under the  
9 repealed provisions.

10       \* Sec. 5. This Act takes effect on the day after its passage and approval  
11 or on the day it becomes law without approval.

12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29