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Referred: Commerce,
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1 IN THE HOUSE

BY DEGNAN

2 HOUSE BILL NO. 173

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE -- FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Air Transportation
7 Authority."

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

9 * Section 1. AS 35 is amended by adding a new chapter to read:

10 CHAPTER 30. ALASKA AIR TRANSPORTATION AUTHORITY.

11 ARTICLE 1. CREATION AND ORGANIZATION.

12 Sec. 35.30.010. CREATION OF AUTHORITY. The Alaska Air Transporta-
13 tion Authority is a public corporation and a political subdivision of
14 the state. The authority is an instrumentality of the state within the
15 Department of Public Works, but has a legal existence independent of
16 and separate from the state.

17 Sec. 35.30.020. GOVERNING BODY. The authority's board of directors
18 shall conduct the business of the corporation.

19 Sec. 35.30.030. APPOINTMENT AND COMPOSITION OF BOARD. (a) The
20 board consists of the commissioner of public works and six residents of
21 the state. Members of the board are appointed by the governor and serve
22 at his pleasure. Membership on the board is on a nonpartisan basis
23 with due regard to representation from all areas of the state. At least
24 one member shall be appointed from each judicial district if, in the
25 opinion of the governor, a qualified person resides in the district.
26 Members shall be appointed from persons having extensive knowledge of
27 the transportation industry in the state.

28 (b) The appointment of members to the board must be confirmed by
29 the legislature meeting in joint session. A member may act and receive

1 compensation from his appointment until his confirmation or rejection
2 by the legislature.

3 (c) A public employee is not eligible for appointment to the
4 board.

5 Sec. 35.30.040. TERM OF OFFICE. The term of office for an
6 appointed member is three years. The term of office expires on
7 February 1 of each year. Upon initial appointment, two members serve
8 for one year, two members serve for two years, and two members serve
9 for three years. A member appointed by the governor to fill a vacancy
10 serves for the unexpired term of the member he succeeds.

11 Sec. 35.30.050. CONFLICT OF INTERESTS. Upon appointment and
12 during his term of office, a board member shall declare privately in
13 writing to the governor and the board any financial or business inter-
14 est he has which might conflict with the public nature of his member-
15 ship on the board. If there is a serious conflict, the board may ask
16 him to abstain from decisions resulting in a conflict or to resign
17 from the board.

18 Sec. 35.30.060. COMPENSATION AND EXPENSES. Members of the board
19 receive no salary, but are entitled to per diem and travel expenses
20 authorized by law for other boards.

21 Sec. 35.30.070. LEGAL ADVISER. The attorney general is the legal
22 counsel for the authority. He shall advise the authority in legal
23 matters and represent it in suits.

24 Sec. 35.30.080. QUORUM AND NOTICE OF MEETINGS. Four members,
25 which may include the commissioner of public works, constitute a quorum
26 for the transaction of business unless the bylaws require a larger
27 number, except notice of a meeting must be given to each member.

28 Sec. 35.30.090. MINUTES OF MEETINGS. The board shall keep minutes
29 of each meeting and send a certified copy to the governor.

1 Sec. 35.30.100. CHAIRMAN AND VICE-CHAIRMAN. The commissioner of
2 public works is the chairman of the authority, presides over all
3 meetings, and has the duties which the authority may direct. A vice-
4 chairman may be elected from among the appointed members for one or
5 more terms of one year each. The vice-chairman presides over all
6 meetings in the absence of the commissioner of public works and has
7 other duties which the authority may direct.

8 Sec. 35.30.110. EXECUTIVE VICE-PRESIDENT. The board may employ
9 an executive vice-president to manage the authority. He must be pro-
10 fessionally trained and experienced in the performance of his duties.
11 His selection is subject to the approval of the governor. The executive
12 vice-president may not have any financial or business interest that
13 might conflict with the management of the authority in the best public
14 interest. The board may delegate powers and duties to the executive
15 vice-president.

16 Sec. 35.30.120. AUTHORITY MAY EMPLOY PERSONNEL. The authority
17 may appoint other officers, hire employees and agents, and engage pro-
18 fessional and technical services and advice upon employment or inde-
19 pendent contract basis. The authority shall prescribe the duties and
20 compensation of its personnel.

21 ARTICLE 2. PURPOSE AND POWERS.

22 Sec. 35.30.130. PURPOSE OF THE AUTHORITY. The purpose of the
23 authority is to establish and operate, in accordance with the provisions
24 of this chapter, a system of air transportation between points in the
25 state which the authority considers necessary or advantageous and
26 practicable to provide with air service.

27 Sec. 35.30.140. POWERS OF THE AUTHORITY. In furtherance of its
28 corporate purposes, the authority has the following powers in addition
29 to its other powers:

1 (1) to sue and be sued in the name of the Alaska Air Trans-
2 portation Authority;

3 (2) to have a seal and alter it at pleasure;

4 (3) to make and alter bylaws for its organization and inter-
5 nal management;

6 (4) to make rules and regulations governing the exercise of
7 its corporate powers;

8 (5) to acquire, whether by purchase, gift or lease, aircraft,
9 equipment and facilities;

10 (6) to issue bonds to pay the cost of acquiring by purchase
11 or lease aircraft, equipment and facilities and to secure payment of
12 the bonds as provided in this chapter;

13 (7) to sell, exchange, donate, convey or encumber in any
14 manner by mortgage or by creation of any other security interest, real
15 or personal property owned by it, or in which it has an interest, when,
16 in the judgment of the authority, the action is in furtherance of its
17 corporate purposes;

18 (8) to accept gifts, grants or loans from, and enter into
19 contracts or other transactions regarding them, with a federal agency
20 or an agency or instrumentality of the state, a municipality, private
21 organization or other source;

22 (9) to deposit or invest its funds, subject to agreements
23 with bondholders;

24 (10) to enter into contracts or agreements with respect to
25 the exercise of any of its powers, and do all things necessary or con-
26 venient to carry out its corporate purposes and exercise the powers
27 granted in this chapter.

28 Sec. 35.30.150. REVENUES AND APPLICATION. The authority is
29 hereby authorized to establish, levy and collect rates, tariffs and

1 charges it may consider necessary, proper or desirable, in connection
2 with the providing of air service, including passengers and freight
3 transportation, or other service which it is or may be authorized at
4 any time to own, operate or control, and the aggregate of the tolls and
5 charges shall be at least sufficient to

6 (1) meet the combined expenses of operation, maintenance
7 and improvement of aircraft, equipment and facilities;

8 (2) pay the cost of acquisition or construction, including
9 the payment, amortization and retirement of bonds or other securities
10 or obligations assumed, issued or incurred by the authority, together
11 with interest on them; and

12 (3) provide reserves for those purposes.

13 ARTICLE 3. FINANCIAL PROVISIONS.

14 Sec. 35.30.160. BONDS, NOTES AND DEBENTURES. The authority may
15 issue negotiable bonds, notes and debentures in principal amounts the
16 board considers necessary to provide sufficient funds for achieving its
17 purposes, including the purchasing or leasing of aircraft, equipment or
18 facilities, the payment of interest on bonds of the authority, estab-
19 lishment of reserves to secure the bonds, notes and debentures, and
20 other expenditures of the authority incident to and necessary or con-
21 venient to carry out its purposes and powers.

22 Sec. 35.30.170. RENEWAL AND REFUNDING OBLIGATIONS. The authority
23 may issue renewal notes and debentures, issue bonds, pay notes and
24 debentures, and when it considers refunding expedient, may refund bonds
25 by the issuance of new bonds, whether the bonds to be refunded have or
26 have not matured, and issue bonds partly to refund bonds then out-
27 standing and partly for any other purpose. The refunding bonds shall
28 be sold and the proceeds applied to the purchase, redemption or payment
29 of the bonds to be refunded.

1 Sec. 35.30.180. NATURE OF AUTHORITY OBLIGATIONS. Except as other-
2 wise expressly provided by the authority, every issue of its notes,
3 debentures or bonds is a general obligation of the authority payable
4 out of any revenues or money of the authority, subject only to agree-
5 ments with the holders of particular notes, debentures or bonds pledging
6 particular receipts or revenues.

7 Sec. 35.30.190. NEGOTIABILITY OF OBLIGATIONS. Whether or not the
8 notes, debentures or bonds are of the form and character to be negotiable
9 instruments under the provisions of the negotiable instruments law, the
10 notes, debentures or bonds of the authority are negotiable instruments
11 within the meaning of and for the purposes of the negotiable instruments
12 law.

13 Sec. 35.30.200. AUTHORIZATION AND CONTENTS OF ISSUANCE. (a) The
14 notes, debentures and bonds shall be authorized by resolution of the
15 board of directors of the authority. The notes, debentures and bonds
16 shall bear the date or dates, and mature at the time or times, in the
17 case of a note or debenture or renewals not to exceed five years from
18 the date of issue of the original note or debenture, and in the case
19 of a bond, not to exceed 50 years from the date of issue, as the resolu-
20 tion or resolutions may provide. The notes, debentures and bonds shall
21 bear interest at the rate or rates, be in the denominations, be in the
22 form, be executed in the manner, be payable in the medium of payment
23 at the place or places, and be subject to the terms of redemption as
24 the resolution or resolutions may provide.

25 (b) The notes, debentures and bonds of the authority may be sold
26 at public sale at a price determined by the authority.

27 Sec. 35.30.210. RECORDING. A pledge made by the authority is
28 valid and binding from the time when the pledge is made, and the money
29 or property pledged and received by the authority is immediately subject

1 to the lien of the pledge without any physical delivery or further act.
2 The lien of a pledge is valid and binding as against all parties having
3 claims of any kind in tort, contract, or otherwise against the authority
4 whether or not the parties have notice of the pledge. The resolution
5 or any other instrument by which a pledge is created need not be
6 recorded.

7 Sec. 35.30.220. NONLIABILITY OF AUTHORITY MEMBERS. The members
8 of the authority and persons executing the notes, debentures or bonds
9 are not liable personally on the notes, debentures or bonds or subject
10 to personal liability or accountability by reason of their issuance.

11 Sec. 35.30.230. PURCHASE BY AUTHORITY. Subject to an existing
12 agreement with noteholders, debenture holders or bondholders, the
13 authority may purchase notes, debentures or bonds of the authority out
14 of available funds. After purchase, the obligations shall be cancelled.
15 The price shall not exceed

16 (1) the redemption price then applicable plus accrued inter-
17 est to the next interest payment date, if the notes, debentures or bonds
18 are then redeemable, or

19 (2) the redemption price applicable on the first date after
20 purchase upon which the notes, debentures or bonds become subject to
21 redemption plus accrued interest to that date, if the notes, debentures
22 or bonds are not then redeemable.

23 Sec. 35.30.240. NONLIABILITY OF STATE. The state is not liable
24 on notes, bonds or debentures of the authority and the notes, bonds or
25 debentures are not a debt of the state.

26 Sec. 35.30.250. RIGHTS OF OBLIGATION HOLDERS. Subject to con-
27 tractual limitations or restrictions under secs. 160 - 240 of this
28 chapter, the holder of bonds, notes or debentures, in addition to other
29 remedies, may, by appropriate action, require the authority to carry

1 out its covenants and agreements made with or for the holder's benefit.

2 Sec. 35.30.260. APPOINTMENT OF TRUSTEE UPON DEFAULT. The holders
3 of 25 per cent of the aggregate principal amount of the bonds, notes
4 or debentures of an outstanding issue may appoint a trustee to represent
5 the holders, if

6 (1) the authority defaults in the payment of principal or
7 interest on the issue after it becomes due, either at maturity or upon
8 call for redemption, and the default continues for a period of 30 days;
9 or

10 (2) the authority fails or refuses to comply with this chap-
11 ter or defaults in an agreement made with or for the benefit of the
12 holders of the issue.

13 Sec. 35.30.270. AUTHORITY OF TRUSTEE. A trustee appointed under
14 sec. 260 of this chapter may, and upon written request of the holders
15 of 25 per cent of the principal amount of the bonds, notes or debentures
16 then outstanding, shall, in his own name

17 (1) by appropriate action, enforce the rights of the holders
18 of the bonds, notes or debentures;

19 (2) bring suit upon the bonds, notes or debentures;

20 (3) enjoin acts or things which may be unlawful or in viola-
21 tion of the rights of the holders of the bonds, notes or debentures;

22 (4) require the authority to account as if it were the trus-
23 tee of an express trust for the holders of the bonds, notes or deben-
24 tures;

25 (5) declare all the bonds, notes or debentures due and pay-
26 able and, if the defaults are made good, then with the consent of the
27 holders of 25 per cent of the principal amount of the bonds, debentures
28 or notes then outstanding, annul the declaration and its consequences.

29 Sec. 35.30.280. ADDITIONAL POWERS OF TRUSTEE. The trustee has

1 all the powers necessary or appropriate for the exercise of any functions
2 specifically set out in this chapter or incident to the general repre-
3 sentation of the holders of the bonds, notes or debentures in the
4 enforcement and protection of their rights.

5 Sec. 35.30.290. STATE POLICY. (a) The state pledges to and
6 agrees with the holders of any bonds, notes or debentures issued under
7 this chapter that the state will not dissolve the authority and will
8 not revoke, limit, or alter the rights and powers vested by this chap-
9 ter in the authority to fulfill the terms of an agreement made with
10 the holders of them, or in any way impair the rights and remedies of
11 the holders until the bonds, notes or debentures, together with inter-
12 est on them, and all costs and expenses in connection with an action
13 or proceeding by or on behalf of the holders if required to be paid
14 by a court are fully met and discharged. The state pledges to and
15 agrees with any federal agency providing funds or other assistance to
16 the operations of the authority that the state will not limit or alter
17 the rights and powers vested in the authority by this chapter in a
18 manner which would be inconsistent with the due performance of an agree-
19 ment between the authority and the federal agency.

20 (b) The authority is for the benefit of the people of the state
21 and for the improvement of their health, safety, welfare, comfort, and
22 security. The purposes of the authority are public purposes and the
23 authority performs essential governmental functions in the exercise
24 of its powers conferred upon it by this chapter.

25 Sec. 35.30.300. TAX EXEMPTION. (a) The state covenants with
26 the purchasers and all subsequent holders and transferees of notes,
27 bonds and debentures issued by the authority, in consideration of the
28 acceptance of and payment for the notes, bonds and debentures, of the
29 authority, issued under this chapter, the income from them and the

1 fees, charges, gifts, grants, revenues, receipts and other money
2 received or to be received, pledged to pay or secure the payment of
3 the notes, bonds or debentures is free from taxation and assessments
4 of every kind and nature, except for estate and gift taxes and taxes
5 on transfers.

6 (b) Bonds, notes and debentures of the authority, the income
7 from them, and the income and revenues of the authority are free from
8 taxation and assessments of every kind and nature.

9 Sec. 35.30.310. OBLIGATIONS OF AUTHORITY AS LEGAL INVESTMENTS.
10 Notwithstanding the provisions of any other law, bonds, notes and
11 debentures of the authority are legal investments for all departments,
12 boards and commissions of the state and its political subdivisions,
13 all banks, savings banks, trust companies, savings and loan associa-
14 tions, investment companies and other persons carrying on a banking
15 business, all insurance companies, insurance associations and other
16 persons carrying on an insurance business, and all guardians, commit-
17 tees, trustees and other fiduciaries.

18 ARTICLE 4. GENERAL PROVISIONS.

19 Sec. 35.30.320. DEFINITIONS. In this chapter

20 (1) "air service" means the carriage by aircraft, on a regu-
21 larly scheduled basis, of persons or property as a common carrier for
22 compensation;

23 (2) "authority" means the Alaska Air Transportation
24 Authority;

25 (3) "board" means the governing body of the authority;

26 (4) "member" means a member of the board of directors of the
27 authority.
28
29