

Introduced: 1/28/74
Referred: Health, Education &
Social Services and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 469

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the acquisition, construction and
7 equipping of an energy utility system at the University
8 of Alaska; relating to the issuance and sale of not
9 to exceed \$1,500,000 of negotiable revenue bonds of
10 the university to pay part or all of the cost of the
11 system; creating an energy utility system revenue fund
12 of the university; relating to the payment and refund-
13 ing of the bonds and the enforcement of the covenants
14 of the bonds; and providing for an effective date."

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

16 * Section 1. (a) There is a special fund of the university to
17 be known as the "Anchorage Energy Utility System Revenue Fund" which shall
18 be completely segregated and set apart from all other funds of the univer-
19 sity, shall be a trust fund for the uses and purposes provided in this Act,
20 and into which shall be paid all charges made for use of the energy utility
21 system as determined by the board, and any special fee assessments as
22 determined by the board.

23 (b) The money in the revenue fund shall be used only for the purpose
24 of paying or securing the payment of the principal of and interest and
25 redemption premium, if any, on the bonds, for the purpose of paying or
26 securing the payment of the principal of and interest on any other revenue
27 bonds of the university issued by authorization of the legislature to provide
28 funds to acquire, construct and equip additions or improvements to the
29 improvements, the purpose of paying the normal and necessary costs of

1 equipping, maintaining and operating the improvements, the purpose of paying
2 the cost of renewals, replacements and normal and extraordinary repairs to
3 the improvements, the purpose of redeeming before their fixed maturities any
4 and all revenue bonds of the university issued for the improvements, the pur-
5 pose of providing funds to acquire, construct and equip necessary additions
6 and improvements to the improvements and modifications and extensions of the
7 improvements, and the purpose of providing funds to pay any and all other
8 normal and necessary costs relating to the ownership, use and operation of
9 the improvements, all to the extent fixed and determined by the board in
10 one or more bond resolutions, trust indentures, or trust agreements secur-
11 ing or providing for the issuance of the bonds adopted or entered into in
12 accordance with this Act.

13 (c) The board may provide for the investment of money in the revenue
14 fund in the manner it may fix and determine by resolution. The interest
15 earned upon or any proceeds derived from the sale of these investments
16 shall be deposited in and become a part of the revenue fund.

17 * Sec. 2. The university may acquire, construct and equip or provide
18 for the acquisition, construction and equipping of the improvements in the
19 manner as determined by the board.

20 * Sec. 3. (a) For the purpose of providing part or all of the money
21 necessary to pay the costs of acquiring, constructing and equipping the
22 improvements, the issuance and sale of revenue bonds of the university in
23 the total principal sum of not to exceed \$1,500,000 is authorized. The
24 principal of and interest on these bonds shall be paid out of and secured by
25 the money required in sec. 1 of this Act to be paid into the revenue fund
26 and out of any other revenues or money received by the university which
27 the legislature may authorize to be pledged to such payment, and which
28 revenues shall likewise be paid into the revenue fund.

29 (b) The board shall create a special bond redemption fund of the uni-

1 university which shall be a trust fund for paying and securing the payment of
2 the principal of and interest and redemption premium, if any, on the bonds,
3 which fund shall be at all times completely segregated and set apart from all
4 other funds of the university. The board on behalf of the university may
5 obligate and bind the university to set aside and pay into the bond redemp-
6 tion fund any part or parts of, or all of, or a fixed proportion of, or a
7 fixed amount of the money in the revenue fund, sufficient to pay the princi-
8 pal of and interest on the bonds as they become due and, if it determines
9 necessary, to set aside and maintain reserves therefor. The bond redemp-
10 tion fund shall be drawn upon solely for the purpose of paying the prin-
11 cipal of and interest and redemption premium, if any, on the bonds, and
12 the bonds do not constitute a general obligation of the state or the
13 university.

14 * Sec. 4. (a) The bonds may be sold in the amounts or series and at the
15 time or times as determined by the board. The bonds or each series of bonds
16 shall be sold at a price so that the effective interest rate over the life
17 of the bonds sold does not exceed eight per cent a year. Interest shall be
18 paid annually or semi-annually, and no interest coupon shall evidence
19 interest at a rate greater than eight per cent. The bonds shall mature at
20 such time or times as fixed by the board; shall be sold at public or private
21 sale; may be subject to redemption before their fixed maturity or maturities
22 as determined by the board and with premium or premiums as fixed by the
23 board; may be in denominations determined by the board; may be issued
24 in coupon form and made payable to bearer, or may be registerable as
25 to principal or principal and interest, or may be made payable to the
26 purchaser or purchasers thereof, all under regulations and conditions as the
27 board shall provide; shall be payable as to principal and interest at the
28 place or places determined by the board; shall be signed on behalf of the
29 university by the president of the board and shall be attested by the

1 secretary of the board, both of whose signatures may be facsimile signatures;
2 shall have the seal of the university impressed, printed or lithographed
3 on them, and each of the interest coupons attached to them shall be
4 signed by the facsimile signatures of the president and secretary; and shall
5 be issued under and subject to the terms, conditions and covenants providing
6 for the payment of the principal of them and interest on them and other terms,
7 conditions, covenants and protective features safeguarding the payment and
8 relating to the maintenance, operation and improvement of the improvements as
9 found necessary by the board, which covenants may include but are not limited
10 to provisions providing for the charging, collecting and depositing of
11 student fees, provisions requiring the setting aside and maintaining of cer-
12 tain reserves to secure the payment of the principal and interest and pro-
13 visions requiring the setting aside and maintenance of certain reserves to
14 maintain, equip, repair, renew, renovate and replace the improvements and all
15 facilities and equipment used in connection with the improvements. The
16 board may provide that any additional bonds hereafter authorized by the
17 legislature to be payable out of the same source or sources as the bonds
18 authorized by this Act may later be issued on a parity with the bonds
19 authorized by this Act upon compliance with any conditions which the board
20 may prescribe, or may provide that no additional bonds may be so issued
21 payable out of the same said source or sources on a parity with the bonds
22 authorized by this Act.

23 (b) If found reasonably necessary the board may select a trustee or
24 trustees for the owners and holders of the bonds or any series of them,
25 for the safeguarding and disbursement of the proceeds of sale of the bonds
26 or for such duties with respect to the authentication, delivery and regis-
27 tration of the bonds, or otherwise with respect to the bonds, the funds
28 established under this Act and the moneys pledged to those funds as the
29 board may determine, and shall fix the rights, duties, powers and obliga-

1 tions of the trustee or trustees.

2 (c) In its determination of all of the matters and questions relating
3 to the issuance and sale of the bonds and the fixing of the maturities,
4 terms, conditions and covenants of them, the decisions of the board shall
5 be those found to be reasonably necessary for the best interests of the uni-
6 versity and its students and those which will accomplish the most advanta-
7 geous sale of the bonds, with due regard, however, to necessary or normal
8 costs of maintenance and operation, renewals and replacements of and
9 repairs to the improvements and to other improvements and facilities owned,
10 used, operated or leased by the university, the future growth and expansion
11 of the university and all of its improvements and facilities, and the possi-
12 bility of additional revenue bond financing for university purposes. Any
13 such decisions of the board, as expressed in any resolution authorizing
14 the issuance of any bonds, shall be final and conclusive when any bonds have
15 been issued pursuant to the bond resolution.

16 (d) A resolution authorizing the issuance of bonds may provide that
17 the bonds issued thereunder shall contain a recital that they are issued
18 under this Act, and bonds containing this recital shall be conclu-
19 sively considered to be valid and to have been issued in conformity with
20 this Act.

21 (e) The validity of the authorization and issuance of bonds is
22 not affected by any proceedings for the acquisition or construction of the
23 improvements for which the bonds have been issued or by contracts in connec-
24 tion with acquisition or construction.

25 * Sec. 5. (a) The board shall adopt the resolution or resolutions and
26 prepare all other documents and proceedings necessary for the issuance, sale
27 and delivery of the bonds or a part or series of the bonds. The resolution
28 or resolutions shall fix the principal amount, denomination, date, matur-
29 ities, place or places of payment, rights of redemption, if any, terms,

1 form, conditions and covenants of the bonds or each series of them and
2 their date and manner of sale.

3 (b) The owner and holder of a bond or the trustee for the owners and
4 holders of the bonds or any series of the bonds may by appropriate proceed-
5 ings in a court of record of the state, require and compel the transfer, set-
6 ting aside and payment of money and the enforcement of all of the terms,
7 conditions and covenants as provided in this Act and in the resolution or
8 resolutions authorizing the issuance of the bonds or any series of them.

9 * Sec. 6. The bonds and the coupons attached to them are fully negotiable
10 instruments under the laws of the state.

11 * Sec. 7. (a) The bonds or any part of them may be refunded at or before
12 their maturity by the issuance of refunding revenue bonds of the university
13 if in the opinion of the board refunding is advantageous to and in the
14 best interests of the university and its students.

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

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

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

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

12 * Sec. 9. All bonds are hereby declared to be issued for an essential
13 public purpose, and the bonds, and the interest on them and the income
14 from them shall at all times be exempt from taxation by or under authority
15 of the state or its political subdivisions.

16 * Sec. 10. The state pledges to and covenants and agrees with the
17 holders of bonds that the state will not limit or alter the rights vested
18 in the university or the board by this Act to fulfill the terms of agree-
19 ments made with the holders of the bonds and will not in any way impair
20 the rights or remedies of the holders, and will not modify in any way the
21 exemptions from taxation provided for in this Act, until the bonds, together
22 with interest on them and all costs and expenses in connection with any
23 action or proceeding by or on behalf of such holders, are fully met and
24 discharged.

25 * Sec. 11. A pledge made in respect of the bonds under this Act shall
26 be valid and binding from the time the pledge is made. The money or pro-
27 perty so pledged and thereafter received by the authority shall immediately
28 be subject to the lien of the pledge without any physical delivery or
29 further act and the lien of the pledge is valid and binding as against all

1 parties having claims of any kind in tort, contract or otherwise against
2 the university irrespective of whether such parties have notice of the
3 claim. No resolution, trust indenture, trust agreement or any other instru-
4 ment by which a pledge is created need be recorded, or filed under the
5 uniform commercial code.

6 * Sec. 12. In this Act, unless the context otherwise requires

7 (1) "board" means the Board of Regents of the university;

8 (2) "bonds" means the university revenue bonds authorized by
9 sec. 3 of this Act;

10 (3) "costs" means the costs of acquiring, constructing and
11 equipping the improvements, including, without limitation, interest on the
12 bonds prior to and during such construction and during such period of time
13 after construction as the board determines, and such reserves to secure the
14 bonds as the board determines;

15 (4) "improvements" means the energy utility system at Anchorage,
16 constituting one or more buildings or other facilities, including real
17 property or interest in real property necessary in connection with the
18 improvements, as may be determined by the board, and acquired, constructed
19 and equipped out of the proceeds of the sale of the bonds as authorized
20 by sec. 2 of this Act;

21 (5) "revenue fund" means the "Anchorage Energy Utility System
22 Revenue Fund" created by sec. 1 of this Act;

23 (6) "university" means the University of Alaska.

24 * Sec. 13. This Act shall be liberally construed in order to carry out
25 the purposes for which it was adopted, and all existing laws in conflict with
26 any of the provisions of this Act are superseded insofar as necessary to
27 accomplish the purposes of and carry out the provisions of this Act.

28 * Sec. 14. This Act takes effect on the day after its passage and
29 approval or on the day it becomes law without approval.