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1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 695

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 a municipal bond authority; and
7 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 AUTHORITY.

11 Sec. 44.58.010. LEGISLATIVE POLICY. (a) It is the policy of
12 the 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 for other municipal purposes, to assist political subdivisions in
17 fulfilling their capital needs and requirements by use of borrowed
18 money within statutory interest rate or cost of borrowing limitations,
19 to the greatest extent possible to reduce costs of borrowed money to
20 taxpayers and residents of the state, and equally to encourage continued
21 investor interest in the purchase of bonds or notes of political
22 subdivisions as sound and preferred securities for investment;

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

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

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

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

26 Sec. 44.58.030. MEMBERSHIP AND VACANCIES. The bond authority
27 consists of the following five directors: the commissioner of revenue,
28 the commissioner of community and regional affairs, who shall each be
29 a director ex officio with voting privileges, and three directors

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

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

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

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 as surety and filed in
7 the office of the lieutenant governor. After issuance of bonds or
8 notes by the bond authority each director shall maintain his surety
9 bond in force. All costs of the surety bonds shall be borne by the
10 bond authority.

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

18 Sec. 44.58.070. STAFF. The bond authority shall employ an
19 executive secretary who may with the approval of the authority select
20 and employ additional staff as necessary. Employees and agents of the
21 authority other than legal counsel are in the classified service under
22 AS 39.25. In addition to its staff of regular employees, the authority
23 may contract for and engage the services of the consultants, experts,
24 and financial advisors the authority considers necessary for the purpose
25 of developing information, or conducting studies, investigations,
26 hearings or other proceedings.

27 Sec. 44.58.080. CONFLICT OF INTEREST. No officer, employee or
28 agent of the bond authority may have an interest, direct or indirect,
29 in any contract or proposed contract for services or materials to be

1 furnished to or used by the bond authority, other than for his contract
2 of appointment or employment. Neither the holding of an office or
3 employment in the government of the state or of a political subdivision
4 nor employment or interest in a private banking or financial business
5 or enterprise is a disqualifying interest per se. No director appointed
6 may be considered by reason of his employment or interest in a private
7 banking or financial business or enterprise to have a disqualifying
8 interest per se. This section is not applicable to personnel whose
9 services are purchased by the bond authority on an independent contract
10 basis.

11 Sec. 44.58.090. POWERS OF BOND AUTHORITY. The bond authority
12 may

- 13 (1) sue and be sued;
- 14 (2) adopt an official seal and alter the seal at pleasure;
- 15 (3) make and enforce bylaws and rules for the conduct of
16 its business and for the use of its services and facilities;
- 17 (4) maintain an office at any place in the state;
- 18 (5) acquire, hold, use and dispose of its income, revenues,
19 funds and money;
- 20 (6) acquire, rent, lease, hold, use and dispose of other
21 personal property for its purposes;
- 22 (7) borrow money and issue its negotiable bonds or notes
23 and provide for and secure their payment, provide for the rights of
24 their holders and purchase, hold and dispose of any of its bonds or
25 notes;
- 26 (8) fix and revise from time to time and charge and collect
27 fees and charges for the use of its services or facilities;
- 28 (9) accept gifts or grants from the United States, or from
29 any governmental unit or person, firm or corporation, carry out the

1 terms or provisions or make agreements with respect to the gifts or
2 grants, and do all things necessary, useful, desirable, or convenient
3 in connection with procuring, accepting or disposing of the gifts or
4 grants;

5 (10) do anything authorized by this chapter, through its
6 officers, agents or employees or by contracts with a person;

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

12 (12) purchase or hold municipal bonds at prices and in a
13 manner the bond authority considers advisable, and sell municipal
14 bonds acquired or held by it at prices without relation to cost and in
15 a manner the bond bank authority considers advisable;

16 (13) invest funds or money of the bond authority not required
17 at the time of investment for loan to political subdivisions for the
18 purchase of municipal bonds, in the same manner as permitted for
19 investment of funds belonging to the state, except as otherwise provided
20 in this chapter;

21 (14) prescribe the form of application or procedure required
22 of a political subdivision for a loan or purchase of its municipal
23 bonds, fix the terms and conditions of the loan or purchase, and enter
24 into agreements with political subdivisions with respect to loans or
25 purchases;

26 (15) render services to a political subdivision in connection
27 with a public or private sale of its municipal bonds, including advisory
28 and other services, and charge for services rendered;

29 (16) charge for its costs and services in review or considera-

1 tion of a proposed loan to a political subdivision or purchase by the
2 bond authority of municipal bonds of the political subdivision, whether
3 or not the loan is made or the municipal bonds purchased;

4 (17) fix and establish terms and provisions with respect to
5 a purchase of municipal bonds by the bond authority, including date
6 and maturities of the bonds, provisions as to redemption or payment
7 before maturity, and any other matters which in connection with the
8 purchase are necessary, desirable or advisable in the judgment of the
9 bond authority;

10 (18) procure insurance against any losses in connection with
11 its property, operations or assets in amounts and from insurers as it
12 considers desirable;

13 (19) to the extent permitted under its contracts with the
14 holders of bonds or notes of the bond authority, consent to modification
15 of the rate of interest, time and payment of installment of principal
16 or interest, security or any other term of a bond or note, contract or
17 agreement of any kind to which the bond authority is a party; and

18 (20) do all acts and things necessary, convenient, or desir-
19 able to carry out the powers expressly granted or necessarily implied
20 in this chapter.

21 Sec. 44.58.100. LIMITATIONS. Under this chapter the bond authority
22 may not

23 (1) make loans of money to a person, firm or corporation
24 other than a political subdivision, or purchase securities issued by a
25 person, other than a political subdivision, except for investment as
26 provided in this chapter;

27 (2) emit bills of credit, accept deposits of money for time
28 or demand deposit, administer trusts, or engage in any form or manner
29 in, or in the conduct of, a private or commercial banking business, or

1 act as a savings bank or savings and loan association;

2 (3) be or constitute a bank or trust company within the
3 jurisdiction or under the control of a regulatory or supervisory board
4 or department of the state, or the Comptroller of the Currency of the
5 United States, or the Department of the Treasury, or Federal Reserve
6 Board of the United states; or

7 (4) be or constitute a bank, banker or dealer in securities
8 within the meaning of or subject to the provisions of securities,
9 securities exchange, or securities dealers law, of the United States
10 or of this state or of another state.

11 Sec. 44.58.110. ANNUAL REPORT AND AUDIT. Before October 1 of
12 each year the bond authority shall make a report of its activities for
13 the preceding fiscal year to the governor and to the legislature. The
14 report shall set out a complete operating and financial statement
15 covering its operations during the year. The bond authority shall
16 cause an audit of its books and accounts to be made at least once in
17 each year by certified public accountants and the cost of the audit
18 shall be considered an expense of the bond authority and a copy of the
19 audit shall be filed with the commissioner of revenue.

20 Sec. 44.58.120. ANNUAL BUDGET. (a) Not later than January 1 of
21 each year the bond authority shall adopt an annual budget for the
22 succeeding fiscal year. The budget shall set out the general categories
23 of expected expenditures and the amount on account of each and shall
24 include a provision or reserve for contingencies and overexpenditures
25 as well as any additional material as the bond authority may determine.
26 Copies of the annual budget certified by the chairman of the bond
27 authority shall be promptly filed with the commissioner of community
28 and regional affairs, and the annual budget shall not be effective
29 until filed.

1 (b) The bond authority may at any time adopt an amended annual
2 budget for the current fiscal year, but the amended annual budget may
3 not supersede any prior budget until the amended budget is approved by
4 the commissioner of community and regional affairs as reasonable and
5 necessary and filed as required in the case of the annual budget.

6 Sec. 44.58.130. CARE AND CUSTODY OF BONDS. The bond authority
7 may enter into agreements or contracts with a bank, trust company,
8 banking or financial institution inside or outside the state as may be
9 necessary, desirable or convenient in the opinion of the bond authority
10 for rendering services in connection with the care, custody or safe-
11 keeping of municipal bonds or other investments held or owned by the
12 bond authority, and services in connection with the payment or collec-
13 tion of amounts payable as to principal or interest, and for services
14 in connection with the delivery to the bond authority of municipal
15 bonds or other investments purchased by it or sold by it, and to pay
16 the cost of those services. The bond authority may also, in connection
17 with any of the services to be rendered by a bank, trust company or
18 banking or financial institution as to the custody and safekeeping of
19 its municipal bonds or investments, require security in the form of
20 collateral bonds, surety agreements or security agreements in such
21 form and amount as, in the opinion of the bond authority, is necessary
22 or desirable.

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

1 credit of the authority are pledged to the payments of them, except to
2 the extent provided by the resolution authorizing the issuance of them.
3 Each bond and note must contain on its face a statement to the effect
4 that the bond authority is obligated to pay the principal and interest
5 on the instrument only from revenues or funds of the bond authority and
6 that the state is not obligated to pay the principal or interest and
7 that neither the faith and credit nor the taxing power of the state is
8 pledged to the payment of the principal of or the interest on the bond
9 or note.

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

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

1 negotiable for all purposes of the Uniform Commercial Code.

2 Sec. 44.58.160. BONDS OR NOTES AS LEGAL INVESTMENTS. Notwith-
3 standing the restrictions of any other law, all banks, trust companies,
4 savings banks and institutions, building and loan associations, savings
5 and loan associations, investment companies, and other persons carrying
6 on a banking business, all insurance companies, insurance associations,
7 and other persons carrying on an insurance business, and all executors,
8 administrators, guardians, trustees and other fiduciaries, may legally
9 invest sinking funds, money or other funds belonging to them or within
10 their control in bonds or notes issued under this chapter.

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

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

1 assist political subdivisions as provided in this chapter.

2 Sec. 44.58.190. ISSUANCE OF BONDS AND NOTES. (a) The bond
3 authority may issue its bonds or notes in such principal amounts as it
4 considers necessary to provide funds for any purposes under this
5 chapter, including

6 (1) the purchase of municipal bonds;

7 (2) the making of loans through the purchase of municipal
8 bonds;

9 (3) the payment, funding or refunding of the principal of,
10 or interest or redemption premiums on, bonds or notes issued by it
11 whether the bonds or notes or interest to be funded or refunded have
12 or have not become due;

13 (4) the establishment or increase of reserves to secure or
14 to pay bonds or notes or interest on bonds or notes and all other costs
15 or expenses of the bond authority incident to and necessary or conveni-
16 ent to carry out its corporate purposes and powers.

17 (b) Except as otherwise provided in this chapter or by the bond
18 authority, every issue of bonds or notes shall be general obligations
19 payable out of the revenues or funds of the bond authority, subject
20 only to agreements with the holders of particular bonds or notes
21 pledging a particular revenue or fund. Bonds or notes may be addi-
22 tionally secured by a pledge of a grant or contributions from the
23 United States or the state or a political subdivision or a person,
24 firm or corporation, or a pledge of income or revenues, funds or money
25 of the bond authority from any source whatsoever.

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

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

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

10 Sec. 44.58.230. PAYMENT OR REFUNDING OF NOTES. The bond author-
11 ity may from time to time issue its notes under this chapter and pay
12 and retire or fund or refund the notes from proceeds of bonds or of
13 other notes, or from other funds or money of the bond authority avail-
14 able for that purpose in accordance with a contract between the bond
15 authority and the holders of the notes.

16 Sec. 44.58.240. TERMS OF AGREEMENT WITH THE BOND OR NOTEHOLDER.
17 In a resolution of the bond authority authorizing, or relating to the
18 issuance of bonds or notes, the bond authority, in order to secure the
19 payment of the bonds or notes and in addition to its other powers, may
20 covenant and contract with the holders of the bonds or notes

21 (1) to pledge to a payment or purpose all or a part of its
22 revenues to which its right then exists or may thereafter come into
23 existence, and the money derived from the revenues, and the proceeds
24 of any bonds or notes;

25 (2) to covenant against pledging all or a part of its
26 revenues, or against permitting or suffering a lien on those revenues
27 or its property;

28 (3) to covenant as to the use and disposition of payments
29 of principal or interest received by the bond authority on municipal

1 bonds or other investments held by the bond authority;

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

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

7 (6) to covenant as to bonds and notes to be issued, and their
8 limitations, terms and conditions, and as to their custody, and as to
9 the application and disposition of the proceeds of the bonds and notes;

10 (7) to covenant as to the issuance of additional bonds or
11 notes or as to limitations on the issuance of additional bonds or
12 notes and on the incurring of other debts by it;

13 (8) to covenant as to the payment of the principal of or
14 interest on the bonds or notes, as to the sources and methods of
15 payment, as to the rank or priority of bonds or notes with respect
16 to a lien or security or as to the acceleration of the maturity of
17 any bonds or notes;

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

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

22 (11) to covenant as to the redemption of bonds or notes and
23 privileges of their exchange for other bonds or notes of the bond
24 authority;

25 (12) to covenant as to charges to be established and charged,
26 the amount to be raised each year or other period of time by charges
27 or other revenues and as to the use and disposition to be made of the
28 charges or other revenues;

29 (13) to covenant to create or authorize the creation of

1 special funds or money to be held in pledge or otherwise for operating
2 expenses, payment or redemption of bonds or notes, reserves or other
3 purposes and as to the use and disposition of the money held in those
4 funds;

5 (14) to establish the procedure, if any, by which the terms
6 of a contract or covenant with or for the benefit of the holders of
7 bonds or notes may be amended or abrogated, the amount of bonds or
8 notes the holders of which must consent to amendment or abrogation, and
9 the manner in which the consent may be given;

10 (15) to covenant as to the custody of any of its property
11 or investments, their safekeeping and insurance, and the use and dis-
12 position of insurance money;

13 (16) to covenant as to the time or manner of enforcement or
14 restraint from enforcement of any rights of the bond authority arising
15 by reason of or with respect to nonpayment of the principal or interest
16 of a municipal bond;

17 (17) to provide for the rights and liabilities, powers and
18 duties arising upon the breach of any covenant, condition or obligation
19 and to prescribe the events of default and the terms and conditions
20 upon which any or all of the bonds, notes or other obligations of the
21 bond authority become or may be declared due and payable before
22 maturity and the terms and conditions upon which the declaration and
23 its consequences may be waived;

24 (18) to vest in a trustee inside or outside the state such
25 property, rights, powers and duties in trust as the bond authority may
26 determine, which may include any of the rights, powers and duties of
27 a trustee appointed by the holders of the bonds or notes, and to limit
28 or abrogate the right of the holders of the bonds or notes of the
29 bond authority to appoint a trustee under this chapter or limit the

1 rights, powers and duties of the trustee;

2 (19) to pay the costs or expenses incident to the enforcement
3 of the bonds or notes or of the resolution or of a covenant or agree-
4 ment of the bond authority with the holders of its bonds or notes;

5 (20) to agree with a corporate trustee which may be a trust
6 company or bank having the powers of a trust company inside or outside
7 the state, as to the pledging or assigning of revenues or funds in
8 which the bond authority has a right or interest, and may further
9 provide for such other rights and remedies exercisable by the trustee
10 as may be proper for the protection of the holders of bonds or notes
11 of the bond authority and not otherwise in violation of law, and the
12 agreement may also provide for the restriction of the rights of an
13 individual holder of bonds or notes of the bond authority;

14 (21) to appoint and to provide for the duties and obligations
15 of a paying agent or paying agents, or other fiduciaries as the resolu-
16 tion may provide inside or outside the state;

17 (22) to limit the rights of the holders of bonds or notes
18 to enforce a pledge or covenant securing bonds or notes; and

19 (23) to make covenants other than and in addition to the
20 covenants expressly authorized in this section, of like or different
21 character, and to make covenants to do or refrain from doing acts and
22 things as may be necessary, or convenient and desirable, in order to
23 better secure bonds or notes or which, in the absolute discretion of
24 the bond authority, will tend to make bonds or notes more marketable,
25 notwithstanding that the covenants, acts or things may not be enumerated
26 in this section.

27 Sec. 44.58.250. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The
28 bond authority may purchase bonds or notes of the bond authority out
29 of its funds or money available for the purchase of its own bonds

1 and notes. The bond authority may hold, cancel or resell the bonds or
2 notes subject to and in accordance with agreements with holders of its
3 bonds or notes.

4 Sec. 44.58.260. BOND ANTICIPATION NOTES. Notwithstanding any
5 law applicable to political subdivisions as to the period for temporary
6 financing of a public improvement or purpose by issuance of its notes
7 in anticipation of the issuance of permanent bonds or as to the renewal
8 of bond anticipation notes, the bond authority may purchase and the
9 political subdivision may issue bond anticipation notes and may renew
10 them from time to time; however, the bond anticipation notes, including
11 renewals, shall mature in such amounts and in such years not exceeding
12 five years from the date of the original issuance as is agreed between
13 the bond authority and the political subdivision. In connection with
14 the transaction and purchase of bond anticipation notes, the bond
15 authority may by agreement with the political subdivision impose any
16 terms, conditions and limitations as in its opinion are proper for the
17 purposes and security of the bond authority and the holders of its
18 bonds or notes. The failure of a political subdivision to comply with
19 the agreement constitutes a failure of the political subdivision to
20 pay principal of and interest on the bonds or notes, and the bond
21 authority shall enforce all rights, remedies, and provisions of law as
22 it has under this chapter or are elsewhere provided.

23 Sec. 44.58.270. MARKETABILITY AND CERTIFICATION. All municipal
24 bonds or other investments of money of the bond authority provided for
25 under this chapter must at all times be purchased and held in fully
26 marketable form, subject to provision for a registration in the name
27 of the bond authority. All municipal bonds purchased, held or owned
28 by the bond authority, upon delivery to the bond authority, must be
29 accompanied by all documentation required by the authority.

1 Sec. 44.58.280. PRESUMPTION OF VALIDITY. After issuance, all
2 bonds or notes of the bond authority shall be conclusively presumed
3 to be fully authorized and issued by all the laws of the state, and
4 a person or political subdivision shall be estopped from questioning
5 their authorization, sale, issuance, execution or delivery by the
6 bond authority.

7 Sec. 44.58.290. RESERVE FUND. (a) The bond authority shall
8 establish and maintain a special fund called the "Alaska municipal
9 bond authority reserve fund" in which there shall be deposited

10 (1) all money appropriated by the legislature for the purpose
11 of the fund;

12 (2) all proceeds of bonds required to be deposited in the
13 fund by terms of a contract between the bond authority and its bond-
14 holders or a resolution of the bond authority with respect to the
15 proceeds of bonds; and

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

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

1 of the amount required to be on deposit in the reserve fund as pro-
2 vided by resolution of the bond authority or the amount appropriated
3 by the state for deposit in the reserve fund for reasons other than
4 certification under this chapter.

5 (c) Money in the reserve fund in excess of the required debt
6 service reserve as defined in (b) of this section, whether by reason
7 of investment or otherwise, may be withdrawn at any time by the bond
8 authority and transferred to another fund or account of the bond
9 authority.

10 (d) Money in the reserve fund may be invested in the same manner
11 and on the same conditions as permitted for investment of funds belonging
12 to the state or held in the treasury under AS 37.10.070; however, the
13 authority may agree with the bondholders to further limit these invest-
14 ments.

15 (e) For purposes of valuation, investments in the reserve fund
16 shall be valued at the lowest cost to the bond authority or market
17 value of the investments. Valuation on a particular date shall include
18 the amount of interest then earned or accrued to that date on the
19 money or investments in the reserve fund subject to the restriction in
20 (h) of this section.

21 (f) Notwithstanding any other provision of this chapter, no
22 bonds may be issued by the bond authority unless there is in the
23 reserve fund the required debt service reserve for all bonds then
24 issued and outstanding and the bonds to be issued; however, the bond
25 authority may satisfy this requirement by depositing so much of the
26 proceeds of the bonds to be issued, upon their issuance, as is needed
27 to achieve the required debt service reserve. The bond authority may
28 at any time issue its bonds or notes for the purpose of increasing the
29 amount in the reserve fund to the required debt service reserve, or to

1 meet such higher or additional reserve as may be fixed by the bond
2 authority with respect to the fund.

3 (g) In order to assure the maintenance of the required debt
4 service reserve in the reserve fund, the legislature shall appropriate
5 annually to the bond authority for deposit in the fund, that sum
6 certified by the chairman of the bond authority to the governor, as is
7 necessary to restore the fund to an amount equal to the required debt
8 service reserve. The chairman shall annually, before January 2, make
9 and deliver to the governor his certificate stating the sum required
10 to restore the fund to that amount, and the sum so certified shall be
11 appropriated and paid to the bond authority during the then current
12 state fiscal year. Nothing in this subsection creates a debt or
13 liability of the state.

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

19 Sec. 44.58.320. APPLICATION OF FUNDS. Money or investments in a
20 fund or account of the bond authority established or held for bonds,
21 notes, indebtedness or liability to be paid, funded, or refunded by
22 issuance of bonds or notes, unless the resolution authorizing the
23 bonds or notes provides otherwise, shall be applied to the payment or
24 retirement of the bonds, notes, indebtedness or liability, and to no
25 other purpose.

26 Sec. 44.58.330. RIGHTS OF HOLDERS PARAMOUNT. In order to carry
27 out its purpose under this chapter of making loans to political sub-
28 divisions, by purchase of the municipal bonds of those political
29 subdivisions, and by receipt of its income from service charges and

1 from payments of interest on the maturing principal of municipal bonds
2 purchased and held by it, and in order to produce revenues or income
3 to the bond authority sufficient at all times to meet its costs and
4 expenses of operation under this chapter and to pay the principal of
5 and interest on its outstanding bonds and notes when due, the bond
6 authority must at all times, and to the greatest extent possible, plan
7 to issue its bonds and notes and lend money to political subdivisions
8 so that the purpose is achieved without in any way jeopardizing any
9 rights of the holders of bonds or notes of the bond authority or
10 affecting other matters under this chapter.

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

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

27 (1) by mandamus or other suit, action or proceeding at law
28 or in equity, enforce all rights of the noteholders or bondholders,
29 including the right to require the bond authority to collect rates,

1 charges and other fees and to collect interest and amortization pay-
2 ments on municipal bonds and notes held by it adequate to carry out an
3 agreement as to, or pledge of, the rates, charges and other fees and
4 of the interest and amortization payments, and to require the bond
5 authority to carry out any other agreements with the holders of the
6 notes or bonds and to perform its duties under this chapter;

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

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

11 (4) by action or suit in equity enjoin anything which may
12 be unlawful or in violation of the rights of the holders of the notes
13 or bonds;

14 (5) declare all the notes or bonds due and payable, and if
15 all defaults are made good, then with the consent of the holders of
16 25 per cent of the principal amount of the outstanding notes or bonds,
17 annul the declaration and its consequences;

18 (6) the trustee shall in addition to the foregoing have all
19 the powers necessary for the exercise of functions specifically set
20 out or incident to the general representation of bondholders or note-
21 holders in the enforcement and protection of their rights.

22 (b) Before declaring the principal of notes or bonds due and
23 payable, the trustee must first give 30 days notice in writing to the
24 governor, the bond authority, the commissioner of community and regional
25 affairs, and the attorney general of the state.

26 Sec. 44.58.360. PERSONAL LIABILITY. Neither a member of the
27 bond authority nor a person executing bonds or notes issued under this
28 chapter is liable personally on the bonds or notes.

29 Sec. 44.58.370. EXEMPTION FROM EXECUTION AND SALE. All property

1 of the bond authority is exempt from levy and sale by virtue of an
2 execution and no execution or other judicial process may issue against
3 the property. A judgment against the bond authority may not be a
4 charge or lien upon its property; however, nothing in this section
5 applies to or limits the rights of the holder of bonds or notes to
6 pursue a remedy for the enforcement of a pledge or lien given by the
7 bond authority on its revenues or other money.

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

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

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

16 Sec. 44.58.410. EXPENSES OF ADMINISTRATION. All expenses incurred
17 in carrying out this chapter are payable solely from revenues or funds
18 provided under this chapter and nothing in this chapter authorizes the
19 bond authority to incur an indebtedness or liability on behalf of or
20 payable by the state.

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

1 application for loan to the bond authority and for the purchase by the
2 bond authority of municipal bonds to be issued by that political
3 subdivision. The cost and expense of a service requested by the bond
4 authority, at the request of the officer, department, board, agency,
5 division or commission rendering the service, shall be paid by the
6 bond authority.

7 Sec. 44.58.430. DEFINITIONS. In this chapter, unless the context
8 clearly requires otherwise,

9 (1) "bond authority" means the Alaska Municipal Bond Author-
10 ity established by sec. 20 of this chapter;

11 (2) "bonds" means bonds of the bond authority issued under
12 this chapter;

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

18 (4) "political subdivision" means a city or organized
19 borough, and also means a unified municipality organized under AS 29.-
20 85;

21 (5) "notes" means notes of the bond ank authority issued
22 under this chapter;

23 (6) "public body" means a public body corporate and politic
24 or a political subdivision of the state established under any law of
25 the state which may issue municipal bonds;

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

28 (8) "revenues" means all fees, charges, money, profits,
29 payments of principal of or interest on municipal bonds and other

1 investments, gifts, grants, contributions, appropriations and all
2 other income derived or to be derived by the bond authority under this
3 chapter.

4 Sec. 44.58.440. SHORT TITLE. This chapter may be cited as the
5 Alaska Municipal Bond Authority Act.

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