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Referred: Finance

1 IN THE SENATE

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2 SENATE BILL NO. 235

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 State Electric and Telephone  
7 Authority, prescribing its organization, powers and  
8 duties; and providing for an effective date."

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

10 \* Section 1. AS 42 is amended by adding a new chapter to read:

11 CHAPTER 21. ALASKA STATE ELECTRIC AND TELEPHONE AUTHORITY.

12 ARTICLE 1. LEGISLATIVE DECLARATION OF PURPOSE.

13 Sec. 42.21.010. FINDINGS, PURPOSE. The legislature finds and  
14 declares that the availability of adequate electric and telephone service  
15 and facilities in the state is a proper matter of public concern and  
16 that

17 (1) the ability of nonprofit municipally and cooperatively  
18 owned electric and telephone utilities in the state to finance capital  
19 improvement requirements on reasonable terms and conditions is seriously  
20 impaired by the unavailability of low-cost private financing and the  
21 elimination of low-cost loans available from the Rural Electrification  
22 Administration of the United States Department of Agriculture;

23 (2) the state should as a matter of public policy, to ensure  
24 the sound development of the state and its resources and to provide  
25 an acceptable level of electric and telephone service to its residents,  
26 assist these utilities, under the terms and conditions specified in this  
27 chapter, to acquire the capital funds that are essential to finance  
28 economically feasible projects for the construction of electric genera-  
29 tion, transmission, distribution and associated facilities and telephone

1 communication and service facilities.

2 ARTICLE 2. ORGANIZATION AND ADMINISTRATION.

3 Sec. 42.21.020. AUTHORITY CREATED. There is created within the  
4 Department of Commerce the Alaska State Electric and Telephone Authority.  
5 The authority is a public corporate authority of the state and a govern-  
6 ment instrumentality, but it has a legal existence independent of and  
7 separate from the state. The authority may not be terminated or dis-  
8 solved as long as it has bonds or other obligations outstanding. Upon  
9 termination or dissolution of the authority, its rights and property  
10 pass to the state.

11 Sec. 42.21.030. AUTHORITY GOVERNING BODY. (a) The authority is  
12 governed by a board consisting of the commissioner of commerce and four  
13 other residents of the state appointed by the governor.

14 (b) The appointees of the governor, other than the commissioner  
15 of commerce, hold office at the pleasure of the governor, serve  
16 three-year staggered terms, and are subject to confirmation by the  
17 legislature in joint session. One initial appointee of the governor  
18 shall serve for one year, one for two years and two for three years.  
19 The governor shall designate the term to which he is appointing each  
20 board member. Upon the expiration of his term, a member of the board  
21 shall continue to hold office until his successor is appointed and  
22 qualified.

23 Sec. 42.21.040. REMOVAL OF AUTHORITY MEMBERS; VACANCIES. (a) The  
24 governor may remove a member of the authority board for good cause.

25 (b) A vacancy shall be filled in the same manner as original  
26 appointment, and an appointee to fill a vacancy shall hold office for  
27 the balance of the term for which his predecessor on the authority was  
28 appointed.

29 (c) A vacancy on the board does not impair the authority of a

1 quorum of the board members to exercise all the powers and perform all  
2 the duties of the authority.

3 Sec. 42.21.050. OFFICERS. At the first meeting following initial  
4 appointment and confirmation, the authority board shall elect a chairman  
5 and vice-chairman from among its membership, other than the commissioner.

6 Sec. 42.21.060. EXECUTIVE OFFICER; STAFF. (a) The authority may  
7 appoint an executive officer who shall be a member of the exempt service  
8 and fix his compensation, or the authority may designate the commissioner  
9 of commerce as the executive officer of the authority, ex-officio. The  
10 executive officer may appoint persons to staff positions the board auth-  
11 orizes and fix their compensation. However, with the approval of the  
12 commissioner, the authority may appoint its staff from among the em-  
13 ployees of the department.

14 (b) The authority may employ temporary professional technical  
15 experts, advisors or consultants and other persons that it may require  
16 as employees or independent contractors and fix their duties and  
17 compensation.

18 (c) Except for those who are also employees of the Department of  
19 Commerce, employees of the authority are exempt from the provisions of  
20 the State Personnel Act (AS 39.25).

21 Sec. 42.21.070. COMPENSATION; PER DIEM. (a) Members of the  
22 authority board, other than the commissioner, shall be compensated at  
23 the same rate of pay as members of the board of the Alaska State Housing  
24 Authority and are entitled to per diem and travel expenses authorized by  
25 law for members of other boards and commissions.

26 (b) Employees are entitled to per diem and travel expenses  
27 authorized by law for other state employees.

28 Sec. 42.21.080. LEGAL COUNSEL. (a) The attorney general is legal  
29 counsel for the authority. He shall advise the authority in legal

1 matters arising in the discharge of its duties and represent the author-  
2 ity in actions to which it is a party. If, in the opinion of the  
3 authority, the public interest is not adequately represented by counsel  
4 in a proceeding, the attorney general, upon request of the authority,  
5 shall represent the public interest.

6 (b) The authority may employ temporary legal counsel from time  
7 to time in matters in which the authority is involved.

8 Sec. 42.21.090. RESTRICTIONS ON AUTHORITY BOARD MEMBERS, EMPLOYEES.  
9 No member, officer, agent or other employee of the authority may have  
10 an official connection as an officer or employee, or otherwise, or hold  
11 stock or securities in, or have a pecuniary interest in, any utility  
12 eligible to borrow funds from the authority, or in any supplier of  
13 goods, materials or services to an eligible utility, or otherwise have  
14 a property interest in an eligible utility or a supplier of goods,  
15 materials or services to an eligible utility. However, for the purpose  
16 of this section, membership in an electric or telephone cooperative  
17 or consumer status with respect to an eligible utility does not consti-  
18 tute an official connection with, or a property or pecuniary interest  
19 in, an eligible utility.

20 Sec. 42.21.100. MEETINGS, QUORUM, RULES OF PROCEDURE. (a) The  
21 authority board shall meet at the call of its chairman, but at least  
22 once quarterly, at a time and place determined by the chairman and at  
23 other times and places as the chairman or a majority of the members  
24 of the authority consider necessary.

25 (b) The authority board shall prescribe its own rules of proce-  
26 dure. However, a quorum is a majority of the board members. The votes  
27 of the board members shall be recorded and effective action requires  
28 the affirmative vote of a majority of the authority board members  
29 present. No authority board member may, with respect to any matter

1 before the board, vote for or on behalf of or in any way exercise the  
2 vote of another member of the authority.

3 (c) The authority board shall keep minutes of each meeting and  
4 send a certified copy to the governor.

5 ARTICLE 3. POWERS AND DUTIES OF THE AUTHORITY.

6 Sec. 42.21.110. POWERS. The authority has all the powers neces-  
7 sary to carry out its purposes specified in this chapter, including  
8 but not limited to the following:

- 9 (1) sue and be sued;
- 10 (2) adopt a seal;
- 11 (3) have perpetual succession;
- 12 (4) adopt, amend and repeal bylaws and regulations;
- 13 (5) make and execute contracts, mortgages, trust deeds,  
14 trust indentures and other instruments;
- 15 (6) invest in property or securities in which banks or trust  
16 companies may legally invest any funds held in reserve or bond redemp-  
17 tion funds or any funds not required for immediate disbursement;
- 18 (7) issue revenue bonds from time to time in its discretion  
19 for any of its corporate purposes and issue refunding bonds for the  
20 purpose of paying or retiring bonds previously issued by it;
- 21 (8) purchase its bonds at a price not more than the princi-  
22 pal amount plus accrued interest;
- 23 (9) perform those other acts and things that may be neces-  
24 sary, convenient or desirable to secure the bonds or which may tend to  
25 make the bonds more marketable.

26 Sec. 42.21.120. MANAGEMENT; DELEGATION OF POWERS, DUTIES. The  
27 board shall manage the assets and business of the authority and may  
28 delegate to officers, agents or employees those powers and duties it  
29 considers proper. The board may delegate supervision of the

1 administration and management of the authority to an executive officer  
2 or to employees of the Department of Commerce.

3 ARTICLE 4. BONDS.

4 Sec. 42.21.130. ISSUANCE OF REVENUE BONDS AND REFUNDING BONDS.

5 The authority may issue revenue bonds from time to time in its discre-  
6 tion for any of its corporate purposes and may issue refunding bonds  
7 for the purpose of paying or retiring bonds previously issued by it.

8 Sec. 42.21.140. AUTHORIZATION. Revenue bonds of the authority  
9 are authorized by the adoption of a resolution prescribing:

10 (1) the rate of interest, payable annually or semiannually,  
11 which the bonds shall bear;

12 (2) whether the bonds shall be in one or more series;

13 (3) the date or dates which the bonds shall bear;

14 (4) the time or times, not exceeding 35 years from their  
15 respective dates, when the bonds shall mature;

16 (5) the medium in which the bonds shall be payable;

17 (6) the place or places where the bonds shall be payable;

18 (7) whether the bonds shall carry registration privileges  
19 and what the privileges, if any, shall be;

20 (8) the terms of redemption, if any, to which the bonds  
21 shall be subject;

22 (9) the manner in which the bonds shall be executed;

23 (10) the terms, covenants and conditions which the bonds  
24 shall contain;

25 (11) the form, either coupon or registered, in which the  
26 bonds shall be issued.

27 Sec. 42.21.150. VALIDITY. (a) The validity of the bonds shall  
28 not be dependent on or be affected by the legality of any proceeding  
29 relating to the acquisition, construction, improvement or extension of

1 the facilities financed from the proceeds realized from the issuance  
2 and sale of the revenue bonds authorized by this chapter. The bonds  
3 shall state that they are regularly issued under this chapter. In a  
4 challenge to the validity of the bond or the security for it, that  
5 recital shall be conclusive as to the issuance of the bond and the  
6 character of the project financed from loans from the proceeds of the  
7 sale of the bonds.

8 (b) The signature of a member or an officer of the authority on  
9 a bond or coupon is not invalidated by his ceasing to hold office before  
10 the delivery of the bond.

11 Sec. 42.21.160. SALE AND ISSUANCE OF BONDS; PROVISIONS. (a) In  
12 addition to the provisions prescribed in sec. 140 of this chapter, the  
13 bonds shall also provide that:

14 (1) the bond is purchased and taken after complete disclosure  
15 of and with full knowledge of all the surrounding relevant facts and  
16 circumstances and not on representation, faith, or credit of the State  
17 of Alaska or any of its political subdivisions;

18 (2) to obtain payment the bondholder may not compel the  
19 state or any agency or political subdivision of it to exercise its  
20 appropriation or taxing powers;

21 (3) the bond does not constitute a debt of the state or of  
22 a political subdivision of the state and is payable only from revenues  
23 of the authority.

24 (b) Bonds shall be signed by the chairman or vice-chairman and  
25 secretary of the authority holding office at the time of signing and  
26 may be facsimile signatures.

27 (c) Bonds may be sold at public or private sale at not less than  
28 par value with accrued interest.

29 (d) Bonds issued under this chapter are negotiable.

1 (e) No amendment to this chapter may ever diminish or impair the  
2 remedies and rights of the bondholder.

3 (f) Bonds issued under this chapter may be sold when funds are  
4 required for the purpose for which they were issued. Pending the pre-  
5 paration or execution of definite bonds, interim receipts or temporary  
6 bonds may be delivered to the purchaser or purchasers of bonds.

7 Sec. 42.21.170. LIMITATION ON LIABILITY. In addition to the limi-  
8 tation on liability set out in sec. 320 of this chapter, the members of  
9 the authority board, the authority's officers, agents and employees are  
10 not liable personally on the bonds by reason of their issuance. Bonds  
11 are not payable out of funds or properties other than those of the  
12 authority, and the authority may not pledge the faith and credit of the  
13 state or of any political subdivision for a loan or obligation. Bonds  
14 of the authority are not a debt, indebtedness or the borrowing of money  
15 within the meaning of any limitation or restriction on the issuance of  
16 bonds contained in the constitution or laws of the state.

17 Sec. 42.21.180. POWERS TO SECURE REVENUE BONDS. In connection  
18 with the issuance of revenue bonds and in order to secure their payment,  
19 the authority, in addition to its other powers, may:

20 (1) pledge all or a part of its revenues to which its right  
21 exists or may exist under any loan contract with a borrower from the  
22 authority;

23 (2) pledge all or a part of any other revenues to which its  
24 right exists or may exist;

25 (3) mortgage all or a part of its real or personal property,  
26 owned or later acquired;

27 (4) covenant against pledging all or a part of its revenues,  
28 or against mortgaging all or a part of its real or personal property to  
29 which its right or title exists or may come into existence, or against

1 permitting or suffering any lien on the revenues or property;

2 (5) provide for reimbursement to the bondholder of all  
3 expenses of litigation and attorney fees incurred in collection of the  
4 bonds in the event of default;

5 (6) provide for and fix the powers and duties of a trustee  
6 if necessary to enforce collection;

7 (7) provide that bondholders, or a trustee designated by the  
8 authority at the time of issuing the bonds, may upon proper showing  
9 secure by mandamus, or other proper proceedings, an order of court  
10 requiring the authority, subject to the provisions of loan contracts  
11 with its borrowers then in effect, to fix and collect rates and charges  
12 which will produce revenues and income permitting the establishment of  
13 adequate annual reserves with which to meet future payments in accor-  
14 dance with the terms of the bond;

15 (8) provide that before the delivery or sale the bonds will  
16 be submitted to the Department of Law for examination and inquiry into  
17 the legality of the proceedings bearing upon their issue and, if the  
18 attorney general finds the issue conforms with the constitution and the  
19 laws of the state, he shall so certify on the reverse of each bond;

20 (9) confer upon the bondholders all rights, powers and  
21 remedies which the bondholders would be entitled to if they were the  
22 owners of the notes, mortgages, trust deeds, or other liens or evidences  
23 of indebtedness delivered to the authority by its borrower to secure the  
24 repayment of the loan or loans made by the authority from funds realized  
25 by the sale of the bonds.

26 Sec. 42.21.190. REFUNDING. (a) The bonds or any part of them may  
27 be refunded at or before their maturity by the issuance of refunding  
28 revenue bonds of the authority if in the opinion of the authority re-  
29 funding is advantageous to and in the best interest of the state and its

1 inhabitants.

2 (b) The authority may adopt the resolution or resolutions, pre-  
3 pare all other documents and undertake all other proceedings necessary  
4 for the sale, issuance, or exchange and delivery of refunding bonds.  
5 All provisions of this chapter applicable to revenue bonds are applicable  
6 to the refunding bonds and to the sale, issuance or exchange of them,  
7 except as otherwise provided in this section.

8 (c) Refunding bonds may be issued in a principal amount sufficient  
9 to provide funds for the payment of all bonds to be refunded by them  
10 and, in addition, for the payment of all expenses incident to the  
11 calling, retiring, or paying of the outstanding bonds, and the issuance  
12 of the refunding bonds. These expenses include the difference in amount  
13 between the par value of the refunding bonds and any amount less than par  
14 for which the refunding bonds are sold, any amount necessary to be made  
15 available for the payment of interest upon the refunding bonds from  
16 the date of sale of them to the date of payment of the bonds to be re-  
17 funded or to the date upon which the bonds to be refunded will be paid  
18 in accordance with the call of them or agreement with the holders of  
19 them, and the premium, if any, necessary to be paid in order to call or  
20 retire the outstanding bonds and the interest accruing on them to the  
21 date of the call or retirement.

22 Sec. 42.21.200. OBLIGATIONS AS LEGAL INVESTMENTS. Obligations  
23 issued under the provisions of this chapter are securities in which all  
24 public officers and public bodies of the state and its political  
25 subdivisions, all insurance companies, trust companies, banking associa-  
26 tions, investment companies, executors, administrators, trustees and  
27 other fiduciaries may properly and legally invest funds, including  
28 capital in their control or belonging to them. These obligations may  
29 be deposited with any state or municipal officer of any agency or

1 political subdivision of the state for any purpose for which the deposit  
2 of bonds, notes or obligations of the state is authorized by law.

3 Sec. 42.21.210. INVESTMENT OF STATE SURPLUS. Notwithstanding other  
4 provisions of law, when the commissioner of revenue determines that there  
5 is in the state treasury a surplus above an amount sufficient to meet  
6 current cash expenditure needs, the surplus may be invested, in addition  
7 to the investments permitted by AS 37.10.070(a), in revenue bonds and  
8 other obligations issued by the authority and secured by an appropriate  
9 security interest within the state. These investments shall be subject  
10 to the terms and conditions that the authority and the commissioner of  
11 revenue may provide in any contract of sale. Investments allowed by this  
12 section shall be made as provided for other investments of the state  
13 money under AS 37.10.070(a), (f), (g) and (i). The terms and conditions  
14 of any contract of sale authorized to be made under this section may  
15 include but are not limited to:

16 (1) the investment by the state in a specified or determinable  
17 amount of bonds or other obligations;

18 (2) the existence of a prior lien on and pledge of the bonds  
19 or other obligations invested in by the state;

20 (3) provisions relating to the subordination of the state's  
21 interest in and application of annual payments of principal and interest  
22 or the proceeds of a permitted sale of, or insurance or prepayments on,  
23 the bonds or other obligations; and

24 (4) the right of the authority to repurchase the bonds or  
25 other obligations at a predetermined price.

26 ARTICLE 5. ELECTRIC AND TELEPHONE LOANS.

27 Sec. 42.21.220. AUTHORIZED LOANS. (a) The authority may make  
28 loans to nonprofit electric and telephone cooperative associations and  
29 corporations and to municipal corporations owning and operating electric

1 or telephone utilities or systems. The loans shall be made from funds  
2 available to the authority from the sale of revenue bonds or otherwise.

3 (b) All loans made under this chapter, whether to nonprofit elec-  
4 tric or telephone cooperatives or to a municipal corporation, are solely  
5 for the purpose of financing capital investment in additions to, exten-  
6 sions of, or improvements in electric or telephone utilities or systems  
7 owned and operated by the cooperative or the municipal corporation.

8 (c) The authority shall

9 (1) promulgate under the Administrative Procedure Act  
10 (AS 44.62) those regulations that it considers necessary for the admin-  
11 istration of the loan program and to carry out the purposes of this  
12 chapter.

13 (2) establish criteria and qualifications for the loans and  
14 for the security for their repayment;

15 (3) otherwise administer, direct and implement the provisions  
16 of this chapter.

17 (d) The term of any loan made under this chapter may not exceed  
18 35 years and the interest on the loan may not exceed the cost to the  
19 authority of the funds lent plus the cost of administration.

20 Sec. 42.21.230. ECONOMIC FEASIBILITY. (a) No loan may be made  
21 under this chapter for any facility or project until an investigation  
22 and an economic feasibility study are conducted and, as a result of the  
23 investigation and study, the authority determines that the facility or  
24 project to be financed by the loan is economically feasible and sound  
25 and that the facility or project will be financially self-sustaining  
26 and fully amortized within the term of the loan and in accordance with  
27 the other terms and conditions of the loan. The economic feasibility  
28 study shall be conducted by the authority staff or by consultants, en-  
29 gineers or other technical experts approved by the authority in advance

1 of the conduct of the investigation and study and of the submission of  
2 an application for a loan under this chapter.

3 (b) To facilitate its determination of economic feasibility and  
4 the ability of the facility or project to be fully amortized and finan-  
5 cially self-sustaining, the authority shall require the applicant for a  
6 loan under this chapter to furnish those system studies, long-range  
7 economic forecasts, financial data, engineering studies and other finan-  
8 cial and technical information as the authority considers necessary.

9 Sec. 42.21.240. LOAN PROVISIONS. No loan may be made by the  
10 authority from the Alaska state electric and telephone authority revolving  
11 fund, created by sec. 250 of this chapter, except in accordance with a  
12 written agreement which shall include, but is not limited to, the  
13 following terms and conditions:

14 (1) the proceeds of the loan shall be used only for the  
15 purposes for which the loan is made, as provided in the agreement;

16 (2) the loan shall be repaid in full as provided in the  
17 agreement;

18 (3) all repayments in connection with a loan to defray capital  
19 investment costs shall be made concurrent with receipt by the borrower  
20 of the proceeds of a construction loan or mortgage loan, or at those  
21 other times as the authority considers reasonably necessary or practi-  
22 cable; and

23 (4) security for repayment shall be specified and shall be  
24 upon terms and conditions that the authority considers necessary or  
25 practicable to insure all repayments.

26 ARTICLE 6. ALASKA STATE ELECTRIC AND TELEPHONE  
27 AUTHORITY REVOLVING FUND.

28 Sec. 42.21.250. CREATION. (a) There is created a special revolving  
29 fund to be known as the Alaska state electric and telephone authority

1 revolving fund consisting of the money appropriated and other money  
2 made available to the authority, including any money allotted to the  
3 authority by the federal government, to be administered by the authority  
4 as a trust fund separate and distinct from any other money or funds  
5 administered by the authority. The fund shall be continuous and shall  
6 be used to carry out the operations and meet the expenses authorized  
7 by this chapter.

8 (b) Withdrawals from the fund for the account of the authority are  
9 made on requisitions, signed by the executive officer or his authorized  
10 representative, addressed to the Department of Administration quarterly,  
11 or otherwise as the members of the authority board may direct.

12 (c) It is the intent and purpose that money requisitioned to meet  
13 periodic financial requirements will be deposited under suitable banking  
14 arrangements for appropriate disbursement and will be subject to audit  
15 under state law or regulation of the members of the authority board.

16 (d) Consistent with the provisions of this chapter, the authority  
17 may make temporary or permanent loans from the fund, at the interest  
18 rate determined by the authority and with the security for repayment  
19 that is necessary and practicable, to defray capital investment costs  
20 of projects or facilities for additions to, extensions of or improvements  
21 in electric or telephone utilities or systems owned and operated by  
22 nonprofit electric and telephone cooperative associations and corpora-  
23 tions and to municipal corporations owning and operating electric or  
24 telephone utilities or systems.

25 (e) To the credit of the fund shall be deposited:

26 (1) grants and contributions to the fund and the proceeds of  
27 the sale of revenue bonds issued and sold under this chapter;

28 (2) all receipts of the authority on account of repayment  
29 of principal and interest on loans made under this chapter or sale or

1 other disposition of the security for any loans made under this chapter.

2 (f) The authority may receive and accept from any source whatever  
3 grants or contributions for the fund.

4 Sec. 42.21.260. FUND NOTES. (a) The authority may provide for  
5 the issuance, at one time or from time to time, of fund notes for the  
6 purpose of providing funds for the fund. The commissioner of revenue  
7 may purchase fund notes with surplus funds in the state treasury.  
8 Before submission of the executive budget to the legislature, the  
9 commissioner of revenue shall annually recommend to the governor the  
10 anticipated amounts of surplus funds available for purchase of fund notes  
11 in the fiscal year encompassed by the budget. In making his recommenda-  
12 tion to the governor, the commissioner of revenue shall consider the  
13 expenditure and revenue projections contained in the most recent revenue  
14 source document prepared for and submitted to the legislature by the  
15 administration. If the governor agrees with the recommendation of the  
16 commissioner of revenue he shall forward the recommendation to the  
17 authority.

18 (b) The principal and interest on fund notes is payable solely  
19 from the fund. The authority shall determine the date of the fund notes  
20 of each issue, the maturity of the notes, the redemption provisions, if  
21 any, including redemption prices, terms and conditions, the form and  
22 manner of execution of the notes, including any interest coupons to be  
23 attached to them, the denomination and the place of payment of principal  
24 and interest. The place may be any bank, trust company, or agent,  
25 including the purchaser of any fund notes. The fund notes may be issued  
26 in coupon or in registered form or both. The authority may provide for  
27 the registration of any coupon fund notes as to principal or interest,  
28 or both, and for the reconversion into coupon fund notes of any fund  
29 notes registered as to both principal and interest and for the exchange

1 of registered and coupon fund notes. The authority may provide for  
2 the replacement of fund notes which are mutilated, destroyed, lost or  
3 stolen.

4 (c) Fund notes shall bear interest at the rate and shall be sold  
5 in the manner and for the price the authority determines.

6 (d) If an officer whose signature or a facsimile of whose signature  
7 appears on any fund notes or coupons attached to them ceases to be an  
8 officer before the delivery of the fund notes or coupons, his signature  
9 or facsimile is valid for all purposes as if he had remained in office  
10 until delivery.

11 (e) The proceeds of sale of fund notes shall be used solely for the  
12 purposes for which issued and shall be disbursed in the manner and under  
13 the restrictions the authority provides in the resolution authorizing the  
14 issuance of fund notes.

15 (f) Fund notes may be issued without the consent of any government  
16 agency and without any other proceedings or conditions other than those  
17 which are specifically required by this chapter and the provisions of the  
18 resolution authorizing the issuance of the fund notes.

19 ARTICLE 7. MISCELLANEOUS

20 Sec. 42.21.270. COOPERATION WITH OTHER AGENCIES. The authority  
21 shall cooperate with other agencies of the state and federal governments  
22 with private lending agencies or institutions, and with other persons to  
23 assist those applicants otherwise eligible for loans under this chapter  
24 to meet their capital investment requirements. To accomplish this  
25 purpose, the authority may enter into those joint financing statements,  
26 mortgages, trust deeds or other security agreements that may be required  
27 by their respective security and other requirements.

28 Sec. 42.21.280. INTERDEPARTMENTAL COOPERATION. All departments,  
29 agencies and public corporations of the state shall provide information,

1 services, facilities and loans to the authority upon its request. The  
2 authority shall reimburse departments, agencies and public corporations  
3 of the state for loans advanced or for expenses incurred on the  
4 authority's behalf.

5 Sec. 42.21.290. APPLICATION OF OTHER LAWS; CONSTRUCTION. (a) Not-  
6 withstanding AS 37.10.085 and any other provision of law, the provisions  
7 of this chapter constitute full authority for the sale and issuance of  
8 bonds and the making of loans for the purposes set out in this chapter.  
9 No other law with regard to the authorization or issuance of obligations,  
10 nor a law which in any way impedes or restricts the performance of acts  
11 authorized by this chapter, shall be construed as applicable to any pro-  
12 ceedings or acts under this chapter, unless otherwise expressly provided  
13 in this chapter.

14 (b) The provisions of this chapter shall be liberally construed to  
15 carry out the purposes for which they were enacted.

16 Sec. 42.21.300. CREDIT OF THE STATE NOT PLEDGED. Obligations  
17 issued under the provisions of this chapter do not constitute a debt,  
18 liability or obligation of the state or of any political subdivision of  
19 the state or a pledge of the faith and credit of the state or of any of  
20 its political subdivisions but are payable solely from the revenues or  
21 assets of the authority. Each obligation issued under this chapter shall  
22 contain on its face a statement that the authority is not obligated to  
23 pay it nor the interest on it except from the revenues or assets pledged  
24 for it and that neither the faith and credit nor the taxing power of the  
25 state or of any of its political subdivisions is pledged to the payment  
26 of the principal or of the interest on the obligation.

27 Sec. 42.21.310. ADMINISTRATIVE, OPERATING EXPENSES. Except for  
28 the first year of the authority's operation, expenses incurred by the  
29 authority in carrying out the provisions of this chapter are payable

1 from the funds provided under this chapter and no liability may be  
2 incurred by the authority in excess of these funds.

3 Sec. 42.21.320. OFFICERS, EMPLOYEES NOT LIABLE. No member or other  
4 officer or employee of the authority is subject to personal liability or  
5 accountability by reasons of his execution of any obligation or the  
6 issuance of them.

7 Sec. 42.21.330. NEGOTIABLE INSTRUMENTS. All obligations issued  
8 under this chapter and interest coupons attached to them are negotiable  
9 instruments under the laws of this state, subject only to any applicable  
10 provisions for registration.

11 Sec. 42.21.340. EXEMPTION OF PROPERTY OF AUTHORITY FROM EXECUTION  
12 OR OTHER PROCESS. All property of the authority is exempt from levy and  
13 sale by execution. No execution or other judicial process may issue  
14 against it, and no judgment against the authority may be a charge or a  
15 lien upon its property. However, this section does not limit the right  
16 of an obligee to foreclose or otherwise enforce a mortgage of the  
17 authority or to pursue any remedy for the enforcement of a pledge or  
18 lien given by the authority on its revenues.

19 Sec. 42.21.350. TAX EXEMPTION. (a) The property of the authority  
20 is public property used for essential public and governmental purposes,  
21 and this property and the authority are exempt from all taxes and special  
22 assessments of the state or its political subdivisions.

23 (b) All obligations issued under this chapter are hereby declared  
24 to be issued by a body corporate and public of the state and for an  
25 essential public and governmental purpose, and the obligations and the  
26 interest and income on and from the obligations, and all fees, charges,  
27 funds, revenues, income and other money pledged or available to pay or  
28 secure the payment of the obligations or interest on the obligations  
29 are exempt from taxation except for transfer, inheritance and estate

1 taxes.

2 Sec. 42.21.360. VALIDITY OF ANY PLEDGE. The pledge of assets or  
3 revenues of the authority to the payment of the principal or interest  
4 on any obligations of the authority is valid and binding from the time  
5 the pledge is made and any assets or revenues are immediately subject to  
6 the lien of the pledge without physical delivery or further act. The  
7 lien of any pledge is valid and binding against all parties having claims  
8 of any kind in tort, contract or otherwise against the authority,  
9 irrespective of whether those parties have notice of the lien of the  
10 pledge. Nothing in this section prohibits the authority from selling  
11 assets subject to any pledge, except that any sale may be restricted by  
12 the trust agreement or resolution providing for the issuance of the  
13 obligations.

14 Sec. 42.21.370. REMEDIES. A holder of obligations or coupons  
15 attached to them issued under the provisions of this chapter, and a  
16 trustee under any trust agreement or resolution authorizing the issuance  
17 of the obligations, except as restricted by a trust agreement or resolu-  
18 tion, either at law or in equity, may enforce all rights granted under  
19 this section or under the trust agreement or resolution or under any  
20 other contract executed by the authority under this chapter and may  
21 enforce and compel the performance of all duties required by this chapter  
22 or by the trust agreement or resolution to be performed by the authority  
23 or by an officer of it.

24 Sec. 42.21.380. REPORTS, RECOMMENDATIONS. The authority shall  
25 file with the governor, the legislature and with the Department of  
26 Commerce an annual report of its activities and shall make recommenda-  
27 tions for legislation or other action it considers necessary to carry  
28 out the purposes of this chapter.

29 Sec. 42.21.390. DEFINITIONS. In this chapter

1 (1) "authority" means the Alaska State Electric and Telephone  
2 Authority;

3 (2) "board" means the board of directors of the Alaska State  
4 Electric and Telephone Authority;

5 (3) "capital investment" or "capital investment costs" means  
6 those expenditures so classified according to the system of accounts of  
7 the Federal Power Commission, of the Rural Electrification Administration  
8 of the United States Department of Agriculture, or of the Public Utilities  
9 Commission of the state, or other generally accepted system of accounts  
10 approved by the authority;

11 (4) "commissioner" means the commissioner of commerce;

12 (5) "department" means the Department of Commerce;

13 (6) "economic feasibility" includes, but is not limited to,  
14 financial and engineering feasibility;

15 (7) "fund" means the Alaska state electric and telephone  
16 authority revolving fund.

17 Sec. 42.21.400. SHORT TITLE. This chapter may be cited as the  
18 Alaska State Electric and Telephone Authority Act.

19 \* Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

20 (14) the executive officer and employees of the Alaska State  
21 Electric and Telephone Authority, other than those employees who are  
22 also employees of the Department of Commerce.

23 \* Sec. 3. This Act takes effect July 1, 1973.  
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