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1 IN THE SENATE

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2 SENATE BILL NO. 236

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act providing alternate means of financing new
7 student housing for the University of Alaska at
8 Anchorage, Alaska, through the issuance of revenue
9 bonds or bonds of a nonprofit corporation; and providing
10 for an effective date."

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

12 * Section 1. For the purpose of providing funds necessary to acquire,
13 construct and equip student housing for the University of Alaska at Anchorage,
14 Alaska, the issuance and sale of housing system revenue bonds in the aggregate
15 principal amount of not to exceed \$4,000,000 under ch. 56, SLA 1961,
16 as amended, is hereby authorized. The principal of and interest and re-
17 demption premium, if any, on the bonds shall be paid out of and secured by
18 the money required in sec. 3, ch. 56, SLA 1961, to be paid into the housing
19 system revenue fund and out of any other source which the legislature may
20 authorize to be pledged to such payment. As used in this section the term
21 "student housing" means student housing buildings containing approximately
22 640 beds to be constructed at the university campus at Anchorage, Alaska,
23 with all necessary site improvements and utility extensions, including any
24 real property or interest therein necessary in connection therewith, as may
25 be determined by the board. No bonds shall be issued under this section
26 and sec. 2 of this Act unless the terms of the contracts or agreements, as
27 now in effect or hereafter amended, with the holders or purchasers of bonds
28 heretofore issued and sold under ch. 56, SLA 1961, as amended, permit the
29 student housing to become a part of the housing system of the university

1 created in sec. 2, ch. 56, SLA 1961, as amended. If the terms of the con-
2 tracts and agreements permit, the board may make the student housing part of
3 the housing system.

4 * Sec. 2. The bonds shall be issued and sold as provided in ch. 56,
5 SLA 1961, as amended. The bonds shall not constitute a general obligation
6 of the state.

7 * Sec. 3. Section 6, ch. 56, SLA 1961 is amended to read:

8 Sec. 6. The Bonds may be sold in amount or series and at time or
9 times as determined by the Board. The Bonds or each series thereof
10 shall be sold at such price so that the effective interest rate over the
11 life of the Bonds sold shall not exceed the contract usury rate of
12 interest provided by law [SIX PER CENT (6%) A YEAR]. Such interest
13 shall be paid annually or semiannually, and no interest coupon shall
14 evidence interest at a rate greater than the contract usury rate of
15 interest provided by law [SIX PER CENT (6%)]. The Bonds shall mature at
16 such time or times as fixed by the Board; shall be sold at public or
17 private sale; may be subject to redemption prior to their fixed maturity
18 or maturities as determined by the Board and with such premium or
19 premiums as fixed by the Board; may be in such denomination or denomi-
20 nations as determined by the Board; may be issued in coupon form and
21 made payable to bearer, or may be registrable as to principal or prin-
22 cipal and interest, or may be made payable to the purchaser or pur-
23 chasers thereof, all under such regulations and conditions as the Board
24 shall provide; shall be payable both principal and interest at such
25 place or places as may be determined by the Board; shall be signed on
26 behalf of the University by the president of the Board and shall be
27 attested by the secretary of the Board, one of which signatures may be
28 a facsimile signature; shall have the seal of the University impressed,
29 printed or lithographed thereon, and each of the interest coupons

1 attached thereto shall be signed by the facsimile signatures of said
2 president and secretary; and shall be issued under and subject to such
3 terms, conditions and covenants providing for the payment of the
4 principal thereof and interest thereon and such other terms, conditions,
5 covenants and protective features safeguarding such payment and relating
6 to the maintenance, operation and improvement of the Improvements and
7 other facilities of the Housing System as found necessary by the Board,
8 which covenants may include but are not limited to a provision requiring
9 the setting aside and maintaining of certain reserves to secure the
10 payment of such principal and interest and a provision requiring the
11 setting aside and maintaining of certain moneys to maintain, equip,
12 repair, renew, renovate and replace the Improvements and all facilities
13 and equipment used in connection therewith.

14 If found reasonably necessary, the Board may select a trustee or
15 trustees for the owners and holders of the Bonds or any series thereof,
16 and/or for the safeguarding and disbursement of the proceeds of sale of
17 the Bonds, and shall fix the rights, duties, powers and obligations of
18 such trustee or trustees.

19 In its determination of all of the matters and questions relating
20 to the issuance and sale of the Bonds and the fixing of the maturities,
21 terms, conditions and covenants thereof, the decisions of the Board shall
22 be those found to be reasonably necessary for the best interests of the
23 University and its students and those which will accomplish the most
24 advantageous sale of the Bonds, with due regard, however, to necessary
25 or normal costs of maintenance and operation, renewals and replacements
26 of and repairs to the Improvements and to other improvements and
27 facilities owned, used, operated or leased by the University, the future
28 growth and expansion of the University and all of its improvements and
29 facilities, and the possibility of additional revenue bond financing for

1 University purposes.

2 * Sec. 4. (a) If the Board of Regents of the university determines that
3 the bonds authorized by sec. 1 of this Act cannot be issued and sold either
4 because of contracts or agreements with the holders or purchasers of bonds
5 heretofore issued and sold under ch. 56, SLA 1961, as amended, or for any
6 other cause, the board may authorize bonds in the aggregate principal amount
7 of not to exceed \$4,000,000 for the purpose of providing necessary funds to
8 acquire, construct, and equip student housing constituting the improvements
9 defined in this section for the University of Alaska at Anchorage, Alaska,
10 payable, as determined by the Board of Regents, as provided in this section.

11 (b) In this section and in sec. 5 of this Act, unless the context
12 otherwise requires,

13 (1) "bonds" means the student housing revenue bonds authorized by
14 (a) of this section;

15 (2) "board" means the Board of Regents of the university;

16 (3) "costs" means the costs of acquiring, constructing and equip-
17 ping the improvements, including, without limitation, interest on the bonds
18 before and during construction and during such period of time after con-
19 struction as the board determines;

20 (4) "improvements" means the student housing buildings containing
21 approximately 640 beds to be constructed at the University campus at
22 Anchorage, Alaska, with all necessary site improvements and utility exten-
23 sions, including any real property or interest in it necessary in connection
24 with it, as may be determined by the board, and acquired, constructed and
25 equipped out of the proceeds of the sale of the bonds, authorized by this
26 section. The improvements shall not constitute and may not be made a part
27 of the housing system of the university as defined in ch. 56, SLA 1961, as
28 amended;

29 (5) "revenue fund" means the student housing revenue fund created in this section.

1 (6) "student housing rentals" means all amounts received by the
2 university for rental of the improvements, but not including any revenues,
3 fees, charges and rentals derived by the university from the ownership,
4 lease, use or operation of the housing system, as the term is defined in
5 ch. 56, SLA 1961, as amended, which in the opinion of the board, are now
6 pledged to the holders of revenue bonds of the university now outstanding
7 under ch. 56, SLA 1961, as amended, under existing contracts or agreements
8 with the holders or purchasers of such revenue bonds except such revenues,
9 fees, charges and rentals as may be available for other purposes under the
10 terms of such existing contracts or agreements.

11 (c) There is created a special fund of the university to be known as
12 the "student housing revenue fund" which shall be a trust fund for the uses
13 and purposes herein provided, and into which shall be paid all student
14 housing rentals or such portion of student housing rentals determined by the
15 board, and any other available revenues, fees, charges and rentals determined
16 by the board. The money in the revenue fund shall be pledged or used only
17 to pay or secure the payment of the principal of and interest and redemption
18 premium, if any, on the bonds, and on any other revenue bonds of the univer-
19 sity issued by authorization of the legislature to provide funds to acquire,
20 construct and equip additions or improvements to the improvements, to pay
21 costs of equipping, maintaining and operating the improvements, to pay the
22 cost of renewals, replacements and repairs to the improvements, to redeem
23 ahead of maturity revenue bonds of the university issued for the improvements,
24 to acquire, construct and equip necessary additions and improvements thereto
25 and to pay costs relating to the ownership, use and operation of the improve-
26 ments, all to the extent fixed and determined by the board in one or more
27 bond resolutions, trust indentures, or trust agreements securing or providing
28 for the issuance of the bonds adopted or entered into in accordance with this
29 section. The board may provide for the investment of money in the revenue

1 fund in such manner as it may fix and determine by resolution.

2 (d) The university may acquire, construct and equip or provide for the
3 acquisition, construction and equipping of the improvements in such manner as
4 may be determined by the board.

5 (e) The board shall create a special bond redemption fund of the
6 university which shall be a trust fund for paying and securing the payment of
7 the principal of and interest and redemption premium, if any, on the bonds.
8 The board on behalf of the university may obligate and bind the university to
9 set aside and pay into the bond redemption fund any part or parts of, or all
10 of, or a fixed proportion of, or a fixed amount of the money in the revenue
11 fund, which will be sufficient to pay the principal of and interest on the
12 bonds as the same shall become due and, if it determines necessary, to set
13 aside and maintain reserves therefor. The bond redemption fund shall be
14 drawn upon solely for the purpose of paying the principal of and interest
15 and redemption premium, if any, on the bonds, and the bonds shall not con-
16 stitute a general obligation of the state.

17 (f) The bonds may be sold in such amounts or series, in such manner,
18 and at such time or times as determined by the board. The bonds or each
19 series of bonds shall be sold at such price so that the effective interest
20 rate over the life of the bonds sold shall not exceed the contract usury rate
21 of interest provided by law. The bonds shall bear interest and mature at
22 such time or times, may be subject to redemption before their fixed maturity
23 or maturities with such premium or premiums, may be in such denomination or
24 denominations, may be issued in registrable or coupon form and shall be pay-
25 able as to principal and interest at such place or places, shall be signed
26 on behalf of the university in such manner as may be fixed and determined by
27 the board, and shall be issued under and subject to such terms, conditions
28 and covenants providing for the payment thereof and such other terms, con-
29 ditions, covenants and protective features safeguarding such payment and

1 relating to the improvements as found necessary by the board, which covenants
2 may include but are not limited to provisions providing for the charging,
3 collecting and depositing of student housing rentals and other pledged
4 revenues, fees, charges and rental provisions requiring the setting aside
5 and maintaining of certain reserves to secure the payment of the bonds and the
6 setting aside and maintenance of reserves to maintain, equip, repair, renew,
7 renovate and replace the improvements. The board may provide that any
8 additional bonds hereafter authorized by the legislature to be payable out of
9 the same source or sources as the bonds authorized by this Act may later be
10 issued on a parity with the bonds authorized by this Act upon compliance with
11 any conditions which the board may prescribe, or may provide that no addi-
12 tional bonds may be so issued payable out of the same said source or sources
13 on a parity with the bonds authorized by this section. If found reasonably
14 necessary, the board may select a trustee or trustees for the owners and
15 holders of the bonds or any series thereof, for such duties with respect to
16 the bonds, the proceeds of the bonds, the funds established hereunder and the
17 money pledged to the same, as the board may determine, and shall fix the
18 rights, duties, powers and obligations of such trustee or trustees. In its
19 determination of all of the matters relating to the bonds, the decisions of
20 the board, as expressed in any resolution authorizing the issuance of any
21 bonds, shall be final and conclusive when any bonds have been issued under
22 that resolution. Any resolution authorizing the issuance of bonds may pro-
23 vide that the bonds issued thereunder shall contain a recital that they are
24 issued under this Act, and any such bonds containing such recital shall be
25 conclusively considered to be valid and to have been issued in conformity
26 with this Act. The validity of the authorization and issuance of bonds
27 shall not be affected by any proceedings for the acquisition or construction
28 of the improvements for which the bonds have been issued or by any contracts
29 in connection with such acquisition or construction.

1 (g) The board shall adopt the resolution or resolutions and prepare
2 all other documents and proceedings necessary for the issuance, sale and
3 delivery of the bonds or any part or series thereof. The resolution or
4 resolutions shall fix the principal amount, denomination, date, maturities,
5 place or places of payment, rights of redemption, if any, terms, form, con-
6 ditions and covenants of the bonds or each series thereof and their date and
7 manner of sale.

8 (h) The owner and holder of any bond or the trustee for the owners
9 and holders of the bonds or any series thereof may by appropriate proceedings
10 in a court of record of the state, require and compel the transferring,
11 setting aside and payment of money and the enforcement of all of the terms,
12 conditions and covenants as provided in this section and in the resolution
13 or resolutions authorizing the issuance of the bonds or any series thereof.

14 (i) The bonds and the coupons attached thereto are fully negotiable
15 instruments under the laws of the State of Alaska.

16 (j) The bonds or any part of them may be refunded at or at any time
17 prior to their maturity, whether or not the bonds are subject to redemption,
18 by the issuance of refunding revenue bonds of the university if in the
19 opinion of the board refunding is advantageous to and in the best interests
20 of the university. The issuance of refunding bonds need not be authorized
21 by an act of the legislature, and the board is authorized and directed to
22 adopt the resolution or resolutions and prepare all other documents and
23 proceedings necessary for the issuance, exchange or sale, and delivery of
24 such bonds. All provisions of this section applicable to revenue bonds are
25 applicable to the refunding bonds and to the issuance, sale or exchange there-
26 of, except as otherwise provided in this section. Refunding bonds may be
27 issued in a principal amount sufficient to provide funds for the payment of
28 all bonds to be refunded thereby, and in addition for the payment of all
29 expenses incident to the calling, retiring or paying of such outstanding

1 bonds, and the issuance of such refunding bonds. These expenses include
2 the difference in amount between the par value of the refunding bonds and any
3 amount less than par for which the refunding bonds are sold, any amount
4 necessary to be made available for the payment of interest upon such refund-
5 ing bonds from the date of sale of them to the date of payment of the bonds
6 to be refunded or to the date upon which the bonds to be refunded will be
7 paid pursuant to the call thereof or agreement with the holders thereof, and
8 the premium, if any, necessary to be paid in order to call or retire the
9 outstanding bonds and the interest accruing thereon to the date of the call
10 or retirement.

11 (k) The bonds are legal investments for all banks, trust companies,
12 savings banks, savings and loan associations and other persons carrying on a
13 banking business, all insurance companies and other persons carrying on an
14 insurance business, and all executors, administrators, trustees and other
15 fiduciaries. The bonds may be accepted as security for deposits of all funds
16 of the state and its political subdivisions.

17 (l) All bonds are to be issued for an essential public purpose, and
18 such bonds, and the interest on them and the income from them, shall at all
19 times be exempt from taxation by or under authority of the state, or any
20 political subdivision of the state.

21 (m) The state does hereby pledge to and covenant and agree with the
22 holders of bonds that the state will not limit or alter the rights hereby
23 vested in the university or the board to fulfill the terms of any agreement
24 made with the holders of the bonds and will not in any way impair the rights
25 or remedies of such holders, and will not modify in any way the exemptions
26 from taxation provided for in this Act, until the bonds, together with
27 interest on them, and all costs and expenses in connection with any action
28 or proceeding by or on behalf of such holders, are fully met and discharged.
29 Any pledge made in respect of the bonds under this Act shall be valid and

1 binding from the time the pledge is made. The money or property so pledged
2 and thereafter received by the university shall immediately be subject to the
3 lien of such pledge without any physical delivery of it or further act and
4 the lien of any such pledge shall be valid and binding as against all parties
5 having claims of any kind in tort, contract or otherwise against the univer-
6 sity irrespective of whether such parties have notice thereof. No resolution,
7 trust indenture, trust agreement or any other instrument by which a pledge
8 is created need be recorded, or filed under the uniform commercial code.

9 * Sec. 5. If the board determines that the bonds authorized by sec. 1 of
10 this Act cannot be issued and sold either because of contracts or agreements
11 with the holders or purchasers of bonds heretofore issued and sold under
12 ch. 56, SLA 1961, as amended, or for any other cause, and that the bonds
13 authorized by sec. 4 of this Act cannot be issued and sold because of the
14 insufficiency of student housing rentals to be derived from the improvements
15 at reasonable rental rates, or for any other cause, then the board may
16 establish a nonprofit corporation empowered to issue and sell bonds in the
17 aggregate principal amount of not to exceed \$4,000,000 to pay the costs of
18 the improvements and enter into such agreements as to student housing rentals
19 or leases with the university, as the board determines necessary to enable
20 the nonprofit corporation to issue and sell the bonds.

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