

Introduced: 2/13/74  
Referred: Community and  
Regional Affairs and  
Finance

1 IN THE SENATE

BY THOMAS, T. MILLER,  
KERTTULA AND HENSLEY

2 SENATE BILL NO. 376

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 bank authority;  
7 and 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 BANK AUTHORITY.

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

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

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

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

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

27 Sec. 44.58.030. MEMBERSHIP AND VACANCIES. The bond bank authority  
28 consists of the following five directors: the commissioner of revenue,  
29 who shall be a director ex officio, and four directors appointed by

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

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

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

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

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

18 Sec. 44.58.070. STAFF. The bond bank authority may employ such  
19 officers, agents and employees as it may require and determine their  
20 qualifications, terms of office, duties, and compensation.

21 Sec. 44.58.080. CONFLICT OF INTEREST. No officer, employee or  
22 agent of the bond bank authority may have any interest, direct or  
23 indirect, in any contract or proposed contract for services or materials  
24 to be furnished to or used by the bond bank authority, other than for  
25 his contract of appointment or employment. Neither the holding of an  
26 office or employment in the government of the state or of a political  
27 subdivision nor employment or interest in a private banking or financial  
28 business or enterprise is a disqualifying interest per se. No director  
29 appointed may be considered by reason of his employment or interest in a

1 private banking or financial business or enterprise to have a dis-  
2 qualifying interest per se. This section is not applicable to personnel  
3 whose services are purchased by the bond bank authority on an independent  
4 contract basis.

5 Sec. 44.58.090. POWERS OF BOND BANK AUTHORITY. The bond bank  
6 authority may

- 7 (1) sue and be sued;
- 8 (2) adopt an official seal and alter the seal at pleasure;
- 9 (3) make and enforce bylaws and rules for the conduct of  
10 its business and for the use of its services and facilities;
- 11 (4) maintain an office at any place within the state;
- 12 (5) acquire, hold, use and dispose of its income, revenues,  
13 funds and money;
- 14 (6) acquire, rent, lease, hold, use and dispose of other  
15 personal property for its purposes;
- 16 (7) borrow money and issue its negotiable bonds or notes  
17 and provide for and secure their payment, provide for the rights of  
18 their holders and purchase, hold and dispose of any of its bonds or  
19 notes;
- 20 (8) fix and revise from time to time and charge and collect  
21 fees and charges for the use of its services or facilities;
- 22 (9) accept gifts or grants from the United States, or from  
23 any governmental unit or any person, firm or corporation, carry out the  
24 terms or provisions or make agreements with respect to the gifts or  
25 grants, and do any and all things necessary, useful, desirable, or  
26 convenient in connection with procuring, accepting or disposing of the  
27 gifts or grants;
- 28 (10) do anything authorized by this chapter, through its  
29 officers, agents or employees or by contracts with a person;

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

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

10 (13) invest funds or money of the bond bank authority not  
11 required at the time of investment for loan to political subdivisions  
12 for the purchase of municipal bonds, in the same manner as permitted  
13 for investment of funds belonging to the state, except as otherwise  
14 provided in this chapter;

15 (14) prescribe the form of application or procedure required  
16 of a political subdivision for a loan or purchase of its municipal  
17 bonds, fix the terms and conditions of the loan or purchase, and enter  
18 into agreements with political subdivisions with respect to loans or  
19 purchases;

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

23 (16) charge for its costs and services in review or considera-  
24 tion of a proposed loan to a political subdivision or purchase by the  
25 bond bank authority of municipal bonds of the political subdivision,  
26 whether or not the loan is made or the municipal bonds purchased;

27 (17) fix and establish terms and provisions with respect to  
28 a purchase of municipal bonds by the bond bank authority, including  
29 date and maturities of such bonds, provisions as to redemption or

1 payment before maturity, and any other matters which in connection with  
2 the purchase are necessary, desirable or advisable in the judgment of  
3 the bond bank authority;

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

7 (19) to the extent permitted under its contracts with the  
8 holders of bonds or notes of the bond bank authority, consent to any  
9 modification of the rate of interest, time and payment of any install-  
10 ment of principal or interest, security or any other term of any bond  
11 or note, contract or agreement of any kind to which the bond bank  
12 authority is a party; and

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

16 Sec. 44.58.100. LIMITATIONS. Under this chapter the bond bank  
17 authority may not

18 (1) make loans of money to any person, firm or corporation  
19 other than a political subdivision, or purchase securities issued by a  
20 person, other than a political subdivision, except for investment as  
21 provided in this chapter;

22 (2) emit bills of credit, accept deposits of money for time  
23 or demand deposit, administer trusts, or engage in any form or manner  
24 in, or in the conduct of, a private or commercial banking business, or  
25 act as a savings bank or savings and loan association;

26 (3) be or constitute a bank or trust company within the  
27 jurisdiction or under the control of a regulatory or supervisory board  
28 or department of the state, or the Comptroller of the Currency of the  
29 United States, or the Department of the Treasury, or Federal Reserve

1 Board of the United states; or

2 (4) be or constitute a bank, banker or dealer in securities  
3 within the meaning of or subject to the provisions of any securities,  
4 securities exchange, or securities dealers law, of the United States  
5 or of this state or of any other state.

6 Sec. 44.58.110. ANNUAL REPORT AND AUDIT. On or before the last  
7 day of September of each year the bond bank authority shall make a  
8 report of its activities for the preceding fiscal year to the governor  
9 and to the legislature. The report shall set out a complete operating  
10 and financial statement covering its operations during the year. The  
11 bond bank authority shall cause an audit of its books and accounts to  
12 be made at least once in each year by certified public accountants  
13 and the cost of the audit shall be considered an expense of the bond  
14 bank authority and a copy of the audit shall be filed with the commis-  
15 sioner of revenue.

16 Sec. 44.58.120. ANNUAL BUDGET. (a) Not later than January 1  
17 of each year the bond bank authority shall adopt an annual budget for  
18 the succeeding fiscal year. The budget shall set out the general  
19 categories of expected expenditures and the amount on account of each  
20 and shall include a provision or reserve for contingencies and over-  
21 expenditures as well as any additional material as the bond bank author-  
22 ity may determine. Copies of the annual budget certified by the  
23 chairman of the bond bank authority shall be promptly filed with the  
24 commissioner of revenue and the director of budget and management,  
25 Department of Administration, and the annual budget shall not be effec-  
26 tive until filed.

27 (b) The bond bank authority may at any time adopt an amended  
28 annual budget for the current fiscal year, but the amended annual  
29 budget may not supersede any prior budget until the amended budget is

1 approved by the commissioner of revenue as reasonable and necessary  
2 and filed as required in the case of the annual budget.

3 Sec. 44.58.130. CARE AND CUSTODY OF BONDS. The bond bank  
4 authority may enter into agreements or contracts with any bank, trust  
5 company, banking or financial institution within or without the state  
6 as may be necessary, desirable or convenient in the opinion of the  
7 bond bank authority for rendering services in connection with the  
8 care, custody or safekeeping of municipal bonds or other investments  
9 held or owned by the bond bank authority, and services in connection  
10 with the payment or collection of amounts payable as to principal or  
11 interest, and for services in connection with the delivery to the  
12 bond bank authority of municipal bonds or other investments purchased  
13 by it or sold by it, and to pay the cost of those services. The bond  
14 bank authority may also, in connection with any of the services to be  
15 rendered by any banks, trust companies or banking or financial insti-  
16 tutions as to the custody and safekeeping of any of its municipal bonds  
17 or investments, require security in the form of collateral bonds,  
18 surety agreements or security agreements in such form and amount as,  
19 in the opinion of the bond bank authority, is necessary or desirable.

20 Sec. 44.58.140. EFFECT OF OBLIGATIONS. (a) Bonds and notes  
21 issued under this chapter are not a debt or liability of the state and  
22 do not create or constitute an indebtedness, liability or obligation  
23 of the state nor are they or do they constitute a pledge of the faith  
24 and credit of the state. All bonds and notes issued under this chapter,  
25 unless funded or refunded by bonds or notes or the bond bank authority,  
26 are general obligations of the authority to which the full faith and  
27 credit of the authority are pledged to the payments of them, except to  
28 the extent provided by the resolution authorizing the issuance of them.  
29 Each bond and note must contain on its face a statement to the effect

1 that the bond bank authority is obligated to pay the principal and  
2 interest on the instrument only from revenues or funds of the bond  
3 bank authority and that the state is not obligated to pay the principal  
4 or interest and that neither the faith and credit nor the taxing power  
5 of the state is pledged to the payment of the principal of or the  
6 interest on the bond or note.

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

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

28 Sec. 44.58.160. BONDS OR NOTES AS LEGAL INVESTMENTS. Notwith-  
29 standing the restrictions of any other law, all banks, trust companies,

1 savings banks and institutions, building and loan associations, savings  
2 and loan associations, investment companies, and other persons carrying  
3 on a banking business, all insurance companies, insurance associations,  
4 and other persons carrying on an insurance business, and all executors,  
5 administrators, guardians, trustees and other fiduciaries, may legally  
6 invest any sinking funds, money or other funds belonging to them or  
7 within their control in any bonds or notes issued under this chapter.

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

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

28 Sec. 44.58.190. ISSUANCE OF BONDS AND NOTES. (a) The bond bank  
29 authority may issue its bonds or notes in such principal amounts as it

1 considers necessary to provide funds for any purposes under this  
2 chapter, including

3 (1) the purchase of municipal bonds;

4 (2) the making of loans;

5 (3) the payment, funding or refunding of the principal of,  
6 or interest or redemption premiums on, bonds or notes issued by it  
7 whether the bonds or notes or interest to be funded or refunded have  
8 or have not become due;

9 (4) the establishment or increase of reserves to secure or  
10 to pay bonds or notes or interest on bonds or notes and all other costs  
11 or expenses of the bond bank authority incident to and necessary or  
12 convenient to carry out its corporate purposes and powers.

13 (b) Except as otherwise provided in this chapter or by the bond  
14 bank authority, every issue of bonds or notes shall be general obliga-  
15 tions payable out of any revenues or funds of the bond bank authority,  
16 subject only to any agreements with the holders of particular bonds or  
17 notes pledging any particular revenues or funds. Any bonds or notes  
18 may be additionally secured by a pledge of any grant or contributions  
19 from the United States or the state or any political subdivision or  
20 any person, firm or corporation, or a pledge of any income or revenues,  
21 funds or money of the bond bank authority from any source whatsoever.

22 (c) Notwithstanding the provisions of (a) and (b) of this section,  
23 the total amount of bond bank authority bonds and notes outstanding at  
24 any one time, except bonds or notes issued to fund or refund bonds or  
25 notes, shall not exceed \$100,000,000.

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

1 or rates of interest each year or within such maximum rate, be in the  
2 denomination or denominations, be in the form, either coupon or regis-  
3 tered, carry the conversion or registration privileges, have the rank  
4 or priority, be executed in the manner, be payable from the sources in  
5 the medium of payment at the place or places within or without the  
6 state, and be subject to the terms of redemption, with or without  
7 premium, as the resolution of the bond bank authority provides.

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

11 Sec. 44.58.220. APPROVAL OF GOVERNOR. No resolution or other  
12 action of the bond bank authority providing for the issuance of bonds  
13 may be adopted or otherwise made effective without the prior approval  
14 in writing of the governor. The powers conferred by this section on  
15 the governor shall be exercised with due regard for the rights of the  
16 holders of bonds of the bond bank authority at any time outstanding,  
17 and nothing in, or done under, this section shall in any way limit,  
18 restrict or alter the obligation or powers of the bond bank authority  
19 or any director, officer or representative of the bond bank authority  
20 to carry out and perform in every detail each and every covenant, agree-  
21 ment or contract at any time made or entered into by or on behalf of  
22 the bond bank authority with respect to its bonds or for the benefit,  
23 protection, or security of the holders of the bonds. Except as provided  
24 in this section, bonds and notes may be issued under this chapter without  
25 the consent of any department, division, commission or agency of the  
26 state, and without any other proceeding or the happening of any other  
27 conditions or things than those specifically required by this chapter.

28 Sec. 44.58.230. PAYMENT OR REFUNDING OF NOTES. The bond bank  
29 authority may from time to time issue its notes under this chapter and

1 pay and retire or fund or refund the notes from proceeds of bonds or  
2 of other notes, or from any other funds or money of the bond bank  
3 authority available for that purpose in accordance with a contract  
4 between the bond bank authority and the holders of the notes.

5 Sec. 44.58.240. TERMS OF AGREEMENT WITH THE BOND OR NOTEHOLDER.

6 In any resolution of the bond bank authority authorizing, or relating  
7 to the issuance of any bonds or notes, the bond bank authority, in  
8 order to secure the payment of the bonds or notes and in addition to  
9 its other powers, may covenant and contract with the holders of the  
10 bonds or notes

11 (1) to pledge to any payment or purpose all or any part of  
12 its revenues to which its right then exists or may thereafter come into  
13 existence, and the money derived from the revenues, and the proceeds  
14 of any bonds or notes;

15 (2) to covenant against pledging all or any part of its  
16 revenues, or against permitting or suffering any lien on those revenues  
17 or its property;

18 (3) to covenant as to the use and disposition of any payments  
19 of principal or interest received by the bond bank authority on muni-  
20 cipal bonds or other investments held by the bond bank authority;

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

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

26 (6) to covenant as to bonds and notes to be issued, and their  
27 limitations, terms and conditions, and as to their custody, and as to  
28 the application and disposition of the proceeds of the bonds and notes;

29 (7) to covenant as to the issuance of additional bonds or

1 notes or as to limitations on the issuance of additional bonds or  
2 notes and on the incurring of other debts by it;

3 (8) to covenant as to the payment of the principal of or  
4 interest on the bonds or notes, as to the sources and methods of  
5 payment, as to the rank or priority of any bonds or notes with respect  
6 to any lien or security or as to the acceleration of the maturity of  
7 any bonds or notes;

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

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

12 (11) to covenant as to the redemption of bonds or notes and  
13 privileges of their exchange for other bonds or notes of the bond bank  
14 authority;

15 (12) to covenant as to charges to be established and charged,  
16 the amount to be raised each year or other period of time by charges  
17 or other revenues and as to the use and disposition to be made of the  
18 charges or other revenues;

19 (13) to covenant to create or authorize the creation of  
20 special funds or money to be held in pledge or otherwise for operating  
21 expenses, payment or redemption of bonds or notes, reserves or other  
22 purposes and as to the use and disposition of the money held in those  
23 funds;

24 (14) to establish the procedure, if any, by which the terms  
25 of any contract or covenant with or for the benefit of the holders of  
26 bonds or notes may be amended or abrogated, the amount of bonds or  
27 notes the holders of which must consent to amendment or abrogation, and  
28 the manner in which the consent may be given;

29 (15) to covenant as to the custody of any of its properties

1 or investments, their safekeeping and insurance, and the use and dis-  
2 position of insurance money;

3 (16) to covenant as to the time or manner of enforcement or  
4 restraint from enforcement of any rights of the bond bank authority  
5 arising by reason of or with respect to nonpayment of any principal or  
6 interest of any municipal bonds;

7 (17) to provide for the rights and liabilities, powers and  
8 duties arising upon the breach of any covenant, condition or obligation  
9 and to prescribe the events of default and the terms and conditions  
10 upon which any or all of the bonds, notes or other obligations of the  
11 bond bank authority shall become or may be declared due and payable  
12 before maturity and the terms and conditions upon which the declaration  
13 and its consequences may be waived;

14 (18) to vest in a trustee or trustees within or without the  
15 state such property, rights, powers and duties in trust as the bond  
16 bank authority may determine, which may include any of the rights,  
17 powers and duties of any trustee appointed by the holders of any bonds  
18 or notes, and to limit or abrogate the right of the holders of any  
19 bonds or notes of the bond bank authority to appoint a trustee under  
20 this chapter or limit the rights, powers and duties of the trustee;

21 (19) to pay the costs or expenses incident to the enforcement  
22 of the bonds or notes or of the resolution or of any covenant or agree-  
23 ment of the bond bank authority with the holders of its bonds or notes;

24 (20) to agree with any corporate trustee which may be any  
25 trust company or bank having the powers of a trust company within or  
26 without the state, as to the pledging or assigning of revenues or funds  
27 to which or in which the bond bank authority has any rights or interest,  
28 and may further provide for such other rights and remedies exercisable  
29 by the trustee as may be proper for the protection of the holders of

1 any bonds or notes of the bond bank authority and not otherwise in  
2 violation of law, and the agreement may also provide for the restriction  
3 of the rights of an individual holder of bonds or notes of the bond  
4 bank authority;

5 (21) to appoint and to provide for the duties and obligations  
6 of a paying agent or paying agents, or other fiduciaries as the resolu-  
7 tion may provide within or without the state;

8 (22) to limit the rights of the holders of any bonds or  
9 notes to enforce any pledge or covenant securing bonds or notes; and

10 (23) to make covenants other than and in addition to the  
11 covenants expressly authorized in this section, of like or different  
12 character, and to make covenants to do or refrain from doing acts and  
13 things as may be necessary, or convenient and desirable, in order to  
14 better secure bonds or notes or which, in the absolute discretion of  
15 the bond bank authority, will tend to make bonds or notes more market-  
16 able, notwithstanding that the covenants, acts or things may not be  
17 enumerated in this section.

18 Sec. 44.58.250. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The  
19 bond bank authority may purchase bonds or notes of the bond bank  
20 authority out of any of its funds or money available for the purchase  
21 of its own bonds and notes. The bond bank authority may hold, cancel  
22 or resell the bonds or notes subject to and in accordance with agree-  
23 ments with holders of its bonds or notes.

24 Sec. 44.58.260. BOND ANTICIPATION NOTES. Notwithstanding any  
25 law applicable to political subdivisions as to the period for temporary  
26 financing of any public improvement or purpose by issuance of its  
27 notes in anticipation of the issuance of permanent bonds or as to the  
28 renewal of bond anticipation notes, the bond bank authority may purchase  
29 and the political subdivision may issue bond anticipation notes and

1 may renew them from time to time provided that the bond anticipation  
2 notes, including renewals, mature in such amounts and in such years not  
3 exceeding five years from the date of the original issuance as is agreed  
4 between the bond bank authority and the political subdivision. In  
5 connection with the transaction and purchase of bond anticipation notes,  
6 the bond bank authority may by agreement with the political subdivision  
7 impose any terms, conditions and limitations as in its opinion are  
8 proper for the purposes and security of the bond bank authority and the  
9 holders of its bonds or notes. The failure of any political subdivision  
10 to comply with the agreement constitutes a failure of the political  
11 subdivision to pay principal of and interest on the bonds or notes, and  
12 the bond bank authority shall enforce all rights, remedies, and provi-  
13 sions of law as it has under this chapter or are elsewhere provided.

14 Sec. 44.58.270. MARKETABILITY AND CERTIFICATION. All municipal  
15 bonds or other investments of money of the bond bank authority provided  
16 for under this chapter must at all times be purchased and held in fully  
17 marketable form, subject to provision for any registration in the name  
18 of the bond bank authority. All municipal bonds at any time purchased,  
19 held or owned by the bond bank authority must upon delivery to the bond  
20 bank authority be accompanied by all documentation required by the  
21 authority.

22 Sec. 44.58.280. PRESUMPTION OF VALIDITY. After issuance, all  
23 bonds or notes of the bond bank authority shall be conclusively presumed  
24 to be fully authorized and issued by all the laws of the state, and a  
25 person or political subdivision shall be estopped from questioning their  
26 authorization, sale, issuance, execution or delivery by the bond bank  
27 authority.

28 Sec. 44.58.290. RESERVE FUND. (a) The bond bank authority shall  
29 establish and maintain a special fund called the "Alaska Municipal Bond  
SB 376

1 Bank Reserve Fund" in which there shall be deposited

2 (1) all money appropriated by the legislature for the purpose  
3 of the fund;

4 (2) all proceeds of bonds required to be deposited in the  
5 fund by terms of any contract between the bond bank authority and its  
6 bondholders or any resolution of the bond bank authority with respect  
7 to the proceeds of bonds; and

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

10 (b) Money in the reserve fund shall be held and applied solely  
11 to the payment of the interest on and principal of bonds of the bond  
12 bank authority as the interest and principal become due and payable  
13 and for the retirement of bonds. Money may not be withdrawn if a with-  
14 drawal would reduce the amount in the reserve fund to an amount less  
15 than the "required debt service reserve", as defined in this subsection,  
16 except for payment of interest then due and payable on bonds and the  
17 principal of bonds then maturing and payable and for the retirement  
18 of bonds in accordance with the terms of any contract between the bond  
19 bank authority and its bondholders and for which payments of other  
20 money of the bond bank authority is not then available. As used in  
21 this subsection, "required debt service reserve" means, as of any date  
22 of computation, the greater of the amount or amounts required to be on  
23 deposit in the reserve fund as provided by resolution of the bond bank  
24 authority or the amount appropriated by the state for deposit in the  
25 reserve fund for reasons other than certification under this chapter.

26 (c) Money in the reserve fund at any time in excess of the  
27 required debt service reserve as defined in (b) of this section, whether  
28 by reason of investment or otherwise, may be withdrawn at any time by  
29 the bond bank authority and transferred to any other fund or account

1 of the bond bank authority.

2 (d) Money at any time in the reserve fund may be invested in the  
3 same manner and on the same conditions as permitted for investment of  
4 funds belonging to the state or held in the treasury under AS 37.10.070,  
5 provided that the authority may agree with the bondholders to further  
6 limit these investments.

7 (e) For purposes of valuation, investments in the reserve fund  
8 shall be valued at the lowest cost to the bond bank authority or market  
9 value of the investments. Valuation on any particular date shall  
10 include the amount of interest then earned or accrued to that date on  
11 any money or investments in the reserve fund subject to the restriction  
12 in (h) of this section.

13 (f) Notwithstanding any other provision of this chapter, no bonds  
14 shall be issued by the bond bank authority unless there is in the  
15 reserve fund the required debt service reserve for all bonds then issued  
16 and outstanding and the bonds to be issued, provided that the bond  
17 bank authority may satisfy this requirement by depositing so much of  
18 the proceeds of the bonds to be issued, upon their issuance, as is  
19 needed to achieve the required debt service reserve. The bond bank  
20 authority may at any time issue its bonds or notes for the purpose of  
21 increasing the amount in the reserve fund to the required debt service  
22 reserve, or to meet such higher or additional reserve as may be fixed  
23 by the bond bank authority with respect to the fund.

24 (g) In order to assure the maintenance of the required debt  
25 service reserve in the reserve fund, the legislature shall appropriate  
26 annually to the bond bank authority for deposit in the fund, that sum  
27 certified by the chairman of the bond bank authority to the governor,  
28 as is necessary to restore the fund to an amount equal to the required  
29 debt service reserve. The chairman shall annually, on or before

1 January 1, make and deliver to the governor his certificate stating  
2 the sum required to restore the fund to that amount, and the sum so  
3 certified shall be appropriated and paid to the bond bank authority  
4 during the then current state fiscal year. Nothing in this subsection  
5 creates a debt or liability of the state.

6 (h) The income in the reserve fund produced by any state contri-  
7 bution to the fund is to be placed in the general fund.

8 Sec. 44.58.310. ADDITIONAL FUNDS AND ACCOUNTS. The bond bank  
9 authority may establish additional reserves or other funds or accounts  
10 as may be, in its discretion, necessary, desirable, or convenient to  
11 further the accomplishment of its purposes or to comply with the pro-  
12 visions of any of its agreements or resolutions.

13 Sec. 44.58.320. APPLICATION OF FUNDS. Money or investments in  
14 any fund or account of the bond bank authority established or held  
15 for any bonds, notes, indebtedness or liability to be paid, funded,  
16 or refunded by issuance of bonds or notes shall, unless the resolution  
17 authorizing the bonds or notes provides otherwise, be applied to the  
18 payment or retirement of the bonds, notes, indebtedness or liability,  
19 and to no other purpose.

20 Sec. 44.58.330. RIGHTS OF HOLDERS PARAMOUNT. In order to carry  
21 out its purpose under this chapter of making loans to political sub-  
22 divisions, by purchase of the municipal bonds of those political  
23 subdivisions, and by receipt of its income from service charges and  
24 from payments of interest on the maturing principal of municipal bonds  
25 purchased and held by it, and in order to produce revenues or income  
26 to the bond bank authority sufficient at all times to meet its costs  
27 and expenses of operation under this chapter and to pay the principal  
28 of and interest on its outstanding bonds and notes when due, the bond  
29 bank authority must at all times, and to the greatest extent possible,

1 so plan to issue its bonds and notes and so lend money to political  
2 subdivisions so that the purpose is achieved without in any way  
3 jeopardizing any rights of the holders of bonds or notes of the bond  
4 bank authority or affecting other matters under this chapter.

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

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

21 (1) by mandamus or other suit, action or proceeding at law  
22 or in equity, enforce all rights of the noteholders or bondholders,  
23 including the right to require the bond bank authority to collect rates,  
24 charges and other fees and to collect interest and amortization pay-  
25 ments on municipal bonds and notes held by it adequate to carry out any  
26 agreement as to, or pledge of, the rates, charges and other fees and  
27 of the interest and amortization payments, and to require the bond  
28 bank authority to carry out any other agreements with the holders of  
29 the notes or bonds and to perform its duties under this chapter;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

(2) bring suit upon the notes or bonds;

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

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

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

(6) the trustee shall in addition to the foregoing have all the powers necessary for the exercise of any functions specifically set out or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

(b) Before declaring the principal of notes or bonds due and payable, the trustee must first give 30 days notice in writing to the governor, the bond bank authority, the commissioner of revenue and the attorney general of the state.

Sec. 44.58.360. PERSONAL LIABILITY. Neither the members of the bond bank authority nor any person executing bonds or notes issued under this chapter are liable personally on the bonds or notes.

Sec. 44.58.370. EXEMPTION FROM EXECUTION AND SALE. All property of the bond bank authority is exempt from levy and sale by virtue of an execution and no execution or other judicial process may issue against the property. A judgment against the bond bank authority may not be a charge or lien upon its property; however, nothing in this section applies to or limits the rights of the holder of bonds or notes to pursue a remedy for the enforcement of a pledge or lien given by

1 the bond bank authority on its revenues or other money.

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

12 Sec. 44.58.390. FEDERAL INSURANCE OR GUARANTY. The bond bank  
13 authority may obtain from any department or agency of the United States  
14 any available insurance or guaranty for the payment or repayment of  
15 interest or principal, or both, or any part of interest or principal,  
16 on any bonds or notes issued by the bond bank authority, or on any  
17 municipal bonds of political subdivisions purchased or held by the  
18 bond bank authority, and notwithstanding other provisions of this  
19 chapter may enter into any agreement or contract with respect to any  
20 insurance or guaranty except to the extent that the agreement or  
21 contract would not in any way impair or interfere with the ability of  
22 the bond bank authority to perform and fulfill the terms of any agree-  
23 ment made with the holders of the bonds or notes of the bond bank  
24 authority.

25 Sec. 44.58.400. SURETY FOR DEPOSITS BY BANK. All banks, trust  
26 companies, savings banks, investment companies and other persons carry-  
27 ing on a banking business are authorized to give to the bond bank  
28 authority a good and sufficient undertaking with such sureties as shall  
29 be approved by the bank to the effect that the bank or banking

1 institution shall faithfully keep and pay over to the order of or upon  
2 the warrant of the bond bank authority or its authorized agent all such  
3 funds as may be deposited with it by the bank and agreed interest under  
4 or by reason of this chapter, at such times or upon such demands as  
5 may be agreed with the bank or in lieu of these sureties, deposit with  
6 the bond bank authority or its authorized agent or any trustee or  
7 for the holders of any bonds, as collateral, those securities as the  
8 bond bank authority may approve. The deposits of the bond bank author-  
9 ity may be evidenced by an agreement in that form and upon those terms  
10 and conditions as may be agreed upon by the bond bank authority and the  
11 depository bank or banking institution.

12 Sec. 44.58.410. EXPENSES OF ADMINISTRATION. All expenses incurred  
13 in carrying out this chapter are payable solely from revenues or funds  
14 provided under this chapter and nothing in this chapter authorizes the  
15 bond bank authority to incur any indebtedness or liability on behalf of  
16 or payable by the state.

17 Sec. 44.58.420. COOPERATION BY GOVERNMENT AGENCIES. All officers,  
18 departments, boards, agencies, divisions and commissions of the state  
19 must render any services to the bond bank authority as are within the  
20 area of their respective governmental functions and as may be requested  
21 by the bond bank authority and must comply promptly with any reasonable  
22 request by the bank relating to making of any study or review as to  
23 desirability, need, cost or expense, or financial feasibility with  
24 respect to any public project, purpose or improvement, or the financial  
25 or fiscal responsibility or ability of any political subdivision making  
26 application for loan to the bond bank authority and for the purchase  
27 by the bond bank authority of municipal bonds to be issued by that  
28 political subdivision. The cost and expense of any services requested  
29 by the bank shall, at the request of the officer, department, board,

1 agency, division or commission rendering the service, be paid by the  
2 bond bank authority.

3 Sec. 44.58.430. DEFINITIONS. In this chapter, unless the context  
4 clearly requires otherwise,

5 (1) "bond bank authority" means the Alaska Municipal Bond  
6 Bank Authority established by sec. 20 of this chapter;

7 (2) "bonds" means bonds of the bond bank authority issued  
8 under this chapter;

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

14 (4) "political subdivision" means a city or organized  
15 borough, and also means a unified municipality organized under AS 29.85;

16 (5) "notes" means any notes of the bond bank authority  
17 issued under this chapter;

18 (6) "public body" means any public body corporate and poli-  
19 tic or any political subdivision of the state established under any  
20 law of the state which may issue municipal bonds;

21 (7) "reserve fund" means the Alaska Municipal Bond Bank  
22 Reserve Fund established under sec. 290 of this chapter; and

23 (8) "revenues" means all fees, charges, money, profits,  
24 payments of principal of or interest on municipal bonds and other  
25 investments, gifts, grants, contributions, appropriations and all other  
26 income derived or to be derived by the bond bank authority under this  
27 chapter.

28 Sec. 44.58.440. SHORT TITLE. This chapter may be cited as the  
29 Alaska Municipal Bond Bank Authority Act.

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

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29