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Referred: Commerce and
Finance

1 IN THE SENATE

BY CHANCE AND KERTTULA

2 SENATE BILL NO. 277

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Telecommunications
7 Authority; 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 53. TELECOMMUNICATIONS.

11 Sec. 44.53.010. ALASKA TELECOMMUNICATIONS AUTHORITY. There is
12 created within the Office of the Governor the Alaska Telecommunications
13 Authority. The authority is a public corporation and government instru-
14 mentality but has a legal existance independent of and separate from the
15 state.

16 Sec. 44.53.020. GOVERNING BODY. The authority shall be governed
17 by a board of commissioners consisting of five members appointed by the
18 governor and confirmed by the legislature in joint session. The members
19 receive no salary for their service as commissioners of the authority
20 but are entitled to per diem and travel expenses authorized by law.

21 Sec. 44.53.030. MEETING OF THE BOARD. The members shall elect a
22 chairman from among its membership at its first meeting in each year. A
23 majority of the members constitute a quorum for conducting business and
24 exercising the powers of the authority. The board shall meet at the call
25 of the chairman. The board shall keep minutes of each meeting and send
26 a certified copy to the governor.

27 Sec. 44.53.040. TERM OF OFFICE. The term of office of a commis-
28 sioner is three years. The terms are staggard with two terms expiring
29 every third year beginning with 1978, two terms expiring every third

1 year beginning with 1977 and one term expiring every third year beginning
2 with 1976. No member may serve more than six years.

3 Sec. 44.53.050. POWERS OF THE AUTHORITY. The authority has the
4 general power to:

5 (1) acquire, construct, operate, and maintain domestic com-
6 munication satellites, satellite earth stations, translator systems and
7 a statewide public service telecommunication network;

8 (2) adopt, alter and use a corporate seal;

9 (3) prescribe, adopt, amend and repeal bylaws;

10 (4) sue and be sued in its own name;

11 (5) appoint officers, agents and employees and vest them with
12 powers and duties and to fix, change and pay compensation for their
13 services as the authority may determine;

14 (6) borrow money, make and issue bonds, notes and other evi-
15 dences of indebtedness of the authority for any of its corporate purposes
16 and to secure payment of its bonds and of other obligations by pledge of
17 or lien on all or any of its assets, contracts, revenue and income except
18 that if the aggregate indebtedness of the authority exceeds the sum of
19 \$7,000,000 or if three years have expired from the effective date of this
20 chapter no bonds, notes or other evidences of indebtedness may be issued
21 unless the legislature has approved the issuance by joint resolution;

22 (7) make and issue bonds for the purpose of funding, refund-
23 ing, purchasing, paying or discharging any of the outstanding bonds or
24 obligations issued or assumed by it or bonds or obligations the principal
25 or interest of which is payable in whole or in part from its revenue;

26 (8) make and execute agreements, contracts and other instru-
27 ments necessary or convenient in the exercise of its powers and func-
28 tions, including contracts with any person, firm, corporation, government
29 agency or other entity;

1 (9) receive, administer and comply with the conditions and
2 requirements of an appropriation, gift, grant or donation of property or
3 money;

4 (10) invest or reinvest money or funds held by the authority
5 in obligations or other securities or investments in which the state or
6 its political subdivision may legally invest funds held in reserves or
7 sinking funds or funds not required for immediate disbursement, and in
8 certificates of deposits or time deposits;

9 (11) acquire, hold, use, lease, sell or otherwise dispose of
10 property of any kind, real, personal or mixed or any interest in it;

11 (12) plan, design, construct, reconstruct, extend or improve
12 any facility necessary or convenient in connection with its activities;

13 (13) adopt, amend and repeal rules and regulations necessary
14 for the exercise and performance of its powers and duties or to govern
15 the rendering of service;

16 (14) determine, fix, alter, charge and collect rates, fees,
17 rentals and other charges for the use of the facilities of the author-
18 ity;

19 (15) apply for permits, licenses, certificates or other autho-
20 rization required by law from state or federal regulatory agencies and
21 operate in accordance with the terms of an authorization;

22 (16) do all acts and things necessary, convenient or desirable
23 to carry out the powers granted or implied in this chapter.

24 Sec. 44.53.090. TAX EXEMPTION. (a) The exercise of the powers
25 granted by this chapter will be in all respects for the benefit of the
26 people of the state, for their well-being and prosperity and for the
27 improvement of their social and economic conditions, and the authority
28 is not required to pay a tax or assessment on any property owned by the
29 authority under the provisions of this chapter or upon the income from

1 it.

2 (b) All obligations issued under this chapter are hereby declared
3 to be issued by a body corporate and public of the state and for an es-
4 sential public and governmental purpose, and the obligations, and the
5 interest and income on and from the obligations, and all fees, charges,
6 funds, revenues, income and other money pledged or available to pay or
7 secure the payment of the obligations, or interest on the obligations,
8 are exempt from taxation except for transfer, inheritance and estate
9 taxes.

10 Sec. 44.53.100. EXECUTIVE DIRECTOR. The executive director is
11 appointed by the board but the appointment is subject to approval of the
12 governor and confirmation by the legislature in joint session.

13 Sec. 44.53.110. SERVICES OF GOVERNMENT AGENCIES AND COST OF
14 SERVICES. All officers, departments, boards, agencies, divisions and
15 commissions of the state may render those services to the authority as
16 are within the area of their respective governmental functions and as are
17 requested by the authority. The cost and expense of services requested
18 by the authority shall, at the request of the officer, department, board,
19 agency, division or commission rendering the service, be paid by the
20 authority.

21 Sec. 44.53.120. AUTHORITY FOR OPERATING AGREEMENT OR LEASE. The
22 authority may enter into agreements, leases or subleases with any person,
23 firm or corporation for operation of a project or a part of a project.
24 These may be made for a specific or unlimited time and on terms and
25 conditions approved by the authority.

26 Sec. 44. 53.130. ACQUISITION OF PROPERTY AND RIGHTS OF TELECOMMUNI-
27 CATION CORPORATIONS. The authority may acquire ownership or control
28 either directly or by acquiring the stock of another corporation of all
29 or part of the property and rights of another corporation owning or

1 operating or empowered to own or operate domestic communications satel-
2 lite, satellite earth stations or other telecommunication facilities.

3 Sec. 44.53.140. BONDS AND NOTES. (a) The authority, by board
4 resolution, may issue bonds and bond anticipation notes in order to
5 provide funds to carry out and effectuate its purposes.

6 (b) The principal and interest on these bonds or notes is payable
7 from authority funds. Bond anticipation notes may be payable from the
8 proceeds of the sale of bonds or from the proceeds of sale of other bond
9 anticipation notes or, if bond or bond anticipation note proceeds are
10 not available, such notes may be paid from other funds or assets of the
11 authority. Bonds or notes may be additionally secured by a pledge of a
12 grant or contribution from the federal or state government, a corpora-
13 tion, association, institution or person, or a pledge of money, income,
14 or revenues of the authority from any source.

15 (c) Bonds or bond anticipation notes may be issued as provided by
16 board resolution, in one or more series and shall (1) be dated; (2) bear
17 interest at the prescribed rate per year or within the maximum rate; (3)
18 be in a certain denomination or form, either coupon or registered; (4)
19 carry the conversion or registration provisions; (5) have rank or
20 priority; (6) be executed in a certain manner and form; (7) be payable
21 from the sources in the medium of payment and place or places inside or
22 outside the state; (8) be subject to authentication by a trustee or
23 fiscal agent; and (9) be subject to terms of redemption, with or without
24 premium. Bond anticipation notes mature at a time determined by the
25 authority. Bonds mature at a time, not exceeding 50 years from the date
26 of their issuance, as determined by the authority. Before the prepara-
27 tion of definitive bonds or bond anticipation notes, the authority may
28 issue interim receipts or temporary bonds or bond anticipation notes,
29 with or without coupons, exchangeable for bonds or bond anticipation

1 notes when the definitive bonds or bond anticipation notes have been
2 executed and are available for delivery.

3 (d) Bond or bond anticipation notes may be sold in the manner, on
4 the terms, and at the price the authority determines.

5 (e) If an officer whose actual or facsimile signature appears on
6 any bonds or notes or coupons attached to them ceases to be an officer
7 before the delivery of the bond, note or coupon, his signature is valid
8 as if he had remained in office until delivery.

9 (f) In a resolution of the authority authorizing or relating to
10 the issuance of bonds or bond anticipation notes, the authority may,
11 with the holders of the bonds or bond anticipation notes;

12 (1) pledge to any payment or purpose all or any part of
13 revenues to which it is or will be entitled to and similarly pledge the
14 money derived from the revenues, and the proceeds of any bonds or notes;

15 (2) covenant against pledging all or any part of its revenues,
16 or against permitting or suffering a lien on the revenues or its prop-
17 erty;

18 (3) covenant as to the use and disposition of any and all
19 payments of principal or interest received by the authority on mortgage
20 loans, construction loans or other investments held by the authority;

21 (4) covenant as to establishment of reserves or sinking funds
22 and the making of provision for and the regulation and disposition of
23 the reserves or sinking funds;

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

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

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

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

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

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

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

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

14 (12) covenant to create or authorize the creation of special
15 funds of money to be held in pledge or otherwise for operation expenses,
16 payment or redemption of bonds or notes, reserves or other purposes, and
17 as to use and disposition of the money held in the funds;

18 (13) establish the procedure, if any, by which the terms of
19 any contract or covenant with or for the benefit of the holders of bonds
20 or notes may be amended or abrogated, the amount of bonds or notes the
21 holders of which must consent to amendment or abrogation, and the manner
22 in which the consent may be given;

23 (14) covenant as to the custody of any of its properties or
24 investments, their safekeeping and insurance, and the use and disposi-
25 tion of insurance money;

26 (15) covenant as to the time or manner of enforcement or
27 restraint from enforcement of any rights of the corporation arising by
28 reason of or with respect to nonpayment of principal or interest of any
29 mortgage loans or construction loans;

1 (16) provide for the rights and liabilities, powers and duties
2 arising upon the breach of a covenant, condition or obligation, and to
3 prescribe the events of default and the terms and conditions upon which
4 any or all of the bonds, notes or other obligations of the authority
5 become or may be declared due and payable before maturity and the terms
6 and conditions upon which such a declaration and its consequences may be
7 waived;

8 (17) vest in a trustee or trustees inside or outside the state
9 property, rights, powers and duties in trust as the authority may
10 determine, which may include any or all of the rights, powers and duties
11 of a trustee appointed by the holders of bonds or notes, and to limit or
12 abrogate the right of the holders of bonds or notes of the authority to
13 appoint a trustee under this chapter or limit the rights, powers and
14 duties of the trustee;

15 (18) pay the costs or expenses incident to the enforcement of
16 the bonds or notes or of the provisions of the resolution or of a
17 covenant or agreement of the authority with the holders of its bonds or
18 notes;

19 (19) agree with a corporate trustee which may be a trust
20 company or bank having the powers of a trust company inside or outside
21 the state as to the pledging or assigning of revenues or funds to which
22 or in which the authority has any rights or interest; and further pro-
23 vide for other rights and remedies exercisable by the trustee as may be
24 proper for the protection of the holders of any bonds or notes of the
25 authority and not otherwise in violation of law and may provide for the
26 restriction of the rights of an individual holder of bonds or notes of
27 the authority;

28 (20) appoint and provide for the duties and obligations of a
29 paying agent or other fiduciary, by resolution, inside or outside the

1 state;

2 (21) limit the rights of the holders of bonds or notes to
3 enforce a pledge or covenant securing bonds or notes;

4 (22) make covenants other than expressly authorized in this
5 section, of like or different character, and to make covenants as may be
6 necessary or desirable, to better secure bonds or notes or which, in the
7 discretion of the authority, will tend to make bonds or notes more
8 marketable, notwithstanding the fact that the covenants are not enumer-
9 ated in this section.

10 Sec. 44.53.150. VALIDITY OF PLEDGE. The pledge of assets or
11 revenues of the authority to the payment of the principal or interest of
12 obligations of the authority is valid and binding from the time the
13 pledge is made and assets or revenues pledged are immediately subject to
14 the lien of the pledge without physical delivery or further action. The
15 lien of a pledge is valid and binding against all parties having claims
16 of any kind in tort, contract or otherwise against the authority,
17 irrespective of whether those parties have notice of the lien of the
18 pledge. Nothing prohibits the authority from selling assets subject to
19 a pledge, except that a sale may be restricted by the trust agreement or
20 resolution providing for the issuance of the obligations.

21 Sec. 44.53.160. REMEDIES. A holder of obligations or coupons
22 attached to them issued under the provisions of this chapter, and a
23 trustee under a trust agreement or resolution authorizing the issuance
24 of the obligations, if not restricted by the trust agreement or resolu-
25 tion, either at law or in equity, may enforce all rights granted under
26 the coupons or under the trust agreement or resolution, or under any
27 other contract executed by the authority under this chapter, and may
28 enforce and compel the performance of all duties required by this
29 chapter or by the trust agreement or resolution to be performed by the

1 authority or by an officer of it.

2 Sec. 44.53.170. NEGOTIABLE INSTRUMENTS. All obligations and
3 interest coupons attached to the obligations are negotiable instruments
4 under the laws of this state, subject only to applicable registration
5 provisions.

6 Sec. 44.53.180. OBLIGATIONS ELIGIBLE FOR INVESTMENT. Obligations
7 issued under the provisions of this chapter are securities in which all
8 public officers and public bodies of the state and its political sub-
9 divisions, all insurance companies, trust companies, banking associa-
10 tions, investment companies, executors, administrators, trustees and
11 other fiduciaries may properly and legally invest funds, including
12 capital in their control or belonging to them. These obligations may be
13 deposited with the state or municipal officer of an agency or political
14 subdivision of the state for any purpose for which the deposit of bonds,
15 notes or obligations of the state is authorized by law.

16 Sec. 44.53.190. REFUNDING OBLIGATIONS. (a) The authority may
17 provide for the issuance of refunding obligations for the purpose of
18 refunding obligations then outstanding which have been issued under the
19 provisions of this chapter, including the payment of redemption premium
20 on them and interest accrued or to accrue to the date of redemption of
21 the obligations. The issuance of the obligations, the maturities and
22 other details of them, the rights of the holders of them, and the
23 rights, duties and obligations of the authority in respect of them are
24 governed by the provisions of this chapter which relate to the issuance
25 of appropriate obligations.

26 (b) Refunding obligations may be sold or exchanged for outstanding
27 obligations issued under this chapter. If sold, the proceeds may be
28 applied, in addition to other authorized purposes, to the purchase,
29 redemption or payment of the outstanding obligations. Pending the

1 application of the proceeds of any such refunding obligations, with any
2 other available funds, to the payment of the principal (accrued interest
3 and any redemption premium on the obligations being refunded, and, if so
4 provided or permitted in the resolution authorizing the issuance of the
5 refunding obligations or in the trust agreement securing them, to the
6 payment of any interest on the refunding obligations and any expenses in
7 connection with the refunding), the proceeds may be invested in direct
8 obligations of, or obligations the principal of and the interest on
9 which are unconditionally guaranteed by, the United States of America
10 which mature or which will be subject to redemption, at the option of
11 the holders of them, not later than the respective dates when the
12 proceeds, together with the interest accruing on them, will be required
13 for the purposes intended.

14 Sec. 44.53.200. CREDIT OF STATE NOT PLEDGED. Obligations issued
15 under the provisions of this chapter do not constitute a debt, liability
16 or obligation of the state or of any other political subdivision of the
17 state or a pledge of the faith and credit of the state or a political
18 subdivision of the state but are payable solely from the revenues or
19 assets of the authority. Each obligation issued under this chapter
20 shall contain on its face a statement that the authority is not obli-
21 gated to pay it nor the interest on it except from the revenues or
22 assets pledged for it and that neither the faith and credit nor the
23 taxing power of the state or of a political subdivision of the state is
24 pledged to the payment of the principal of or interest on the obligation.

25 Sec. 44.53.210. ANNUAL AUDIT. The board shall provide for an
26 annual independent audit of the accounts and financial transactions of
27 the authority. To make the audit the board shall designate a certified
28 public accountant who has no personal interest, direct or indirect, in
29 the fiscal affairs of the authority. Copies of the audit shall be

1 furnished to the legislature within the first 10 days of each regular
2 session.

3 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
4 070(c).