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1 IN THE HOUSE

BY MOSS AND ROGERS

2 HOUSE BILL NO. 794

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Railroad Authority."

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

8 * Section 1. AS 44.57 is amended by adding new sections to read:

9 ARTICLE 1b. ALASKA RAILROAD AUTHORITY: CREATION AND ORGANIZATION.

10 Sec. 44.57.400. ALASKA RAILROAD AUTHORITY CREATED. There is
11 created the Alaska Railroad Authority. The authority is a public cor-
12 poration of the state in the Department of Transportation and Public
13 Facilities, but with a separate and independent legal existence.

14 Sec. 44.57.405. MEMBERSHIP OF THE AUTHORITY. The authority con-
15 sists of the following board of directors: the commissioner of trans-
16 portation and public facilities, the commissioner of revenue, and the
17 commissioner of commerce and economic development.

18 Sec. 44.57.410. OFFICERS AND QUORUM. The board shall elect one
19 member as chairman. Other officers may be elected as the board deter-
20 mines. The powers of the authority are vested in the board. Two direc-
21 tors of the authority constitute a quorum. Action may be taken and
22 motions and resolutions adopted by the authority at a meeting by the
23 affirmative vote of at least two directors. The directors serve without
24 compensation, but they are entitled to the same travel expenses and per
25 diem provided by law for board members.

26
27 Sec. 44.57.415. STAFF. The authority shall employ an executive
28 director who may employ additional staff as necessary. In addition to
29 its staff of regular employees, the authority may contract for and
engage the services of the bond counsel, consultants, experts, and

1 financial advisors it considers necessary for the purpose of developing
2 information, or conducting studies, investigations, hearings, or other
3 proceedings.

4 ARTICLE 2b. ALASKA RAILROAD AUTHORITY: PURPOSE AND POWERS.

5 Sec. 44.57.420. PURPOSE OF THE AUTHORITY. The purpose of the
6 authority is to acquire, construct, operate and maintain railroad facili-
7 ties in the state.

8 Sec. 44.57.425. POWERS OF THE AUTHORITY. In furtherance of its
9 corporate purposes, the authority may

- 10 (1) sue and be sued;
- 11 (2) have a seal and alter it at pleasure;
- 12 (3) make and alter bylaws for its organization and internal
13 management;
- 14 (4) adopt regulations governing the exercise of its corporate
15 powers;
- 16 (5) acquire by construction, purchase, gift or lease facili-
17 ties in the state;
- 18 (6) improve, equip and operate railroad facilities in the
19 state;
- 20 (7) issue revenue bonds for the acquisition, construction, or
21 improvement of railroad facilities in the state;
- 22 (8) sell, lease as lessor or lessee, exchange, donate, convey
23 or encumber by mortgage or by creation of any other security interest,
24 real or personal property owned by it, or in which it has an interest,
25 when, in the judgement of the authority, the action is in furtherance of
26 its corporate purposes;
- 27 (9) accept gifts, grants or loans from, and enter into con-
28 tracts with a federal agency or an agency of the state, a municipality,
29 a private organization or other source;

1 (10) deposit or invest its funds, subject to agreements with
2 bondholders;

3 (11) contract with any person for the improvement, construc-
4 tion, acquisition, operation and maintenance of its railroad facilities,
5 or for the security of bonds issued by the authority;

6 (12) establish, levy, and collect fares and other charges for
7 the use of its railroad facilities;

8 (13) enter into contracts or agreements with respect to the
9 exercise of any of its powers, and do all things necessary to carry out
10 its corporate purposes and exercise the powers granted in AS 44.57.400 -
11 44.57.470;

12 (14) exercise the power of eminent domain in accordance with
13 AS 09.55.250 - 09.55.410.

14 ARTICLE 3b. ALASKA RAILROAD AUTHORITY: FINANCIAL PROVISIONS.

15 Sec. 44.57.430. BONDS OF THE AUTHORITY. (a) The authority may
16 issue bonds in accordance with AS 44.57.425(7) on which the principal
17 and interest are payable

18 (1) exclusively from the income or other money derived from
19 its railroad facilities; or

20 (2) from its income and receipts or other assets generally,
21 or a designated part of them.

22 (b) Bonds shall be authorized by resolution of the authority, and
23 shall be dated and shall mature as the resolution may provide, except
24 that no bond shall mature more than 40 years from the date of its issue.
25 Bonds shall bear interest at the rate or rates, be in the denominations,
26 be in the form, either coupon or registered, carry the registration
27 privileges, be executed in the manner, be payable in the medium of
28 payment, at the place or places, and be subject to the terms of redemp-
29 tion which the resolution or a subsequent resolution may provide.

1 (c) All bonds, regardless of form or character, shall be negoti-
2 able instruments for all the purposes of the Uniform Commercial Code.

3 (d) All bonds may be sold at public or private sale in the manner,
4 for the price or prices, and at the time or times which the authority
5 may determine.

6 (e) The superior court has jurisdiction to hear and determine
7 actions or proceedings relating to the authority, including actions or
8 proceedings brought by or for the benefit or security of a holder of its
9 bonds or by a trustee for or other representative of the holders.

10 Sec. 44.57.435. TRUST INDENTURES AND TRUST AGREEMENTS. In the
11 discretion of the authority, an issue of bonds may be secured by a trust
12 indenture or trust agreement between the authority and a corporate
13 trustee (which may be a trust company, bank, or national banking associa-
14 tion, with corporate trust powers, located inside or outside the state)
15 or by a secured loan agreement or other instrument or under a resolution
16 giving powers to a corporate trustee by means of which the authority may

17 (1) make and enter into any covenants and agreements with the
18 trustee or the holders of the bonds which the authority may determine to
19 be necessary or desirable, including, without limitation, covenants,
20 provisions, limitations and agreements as to

21 (A) the application, investment, deposit, use and dis-
22 position of the proceeds of the bonds of the authority or of money
23 or other property of the authority or in which it has an interest;

24 (B) the terms and conditions upon which additional bonds
25 of the authority may be issued;

26 (2) pledge, mortgage or assign money, leases, agreements,
27 property or other assets of the authority; and

28 (3) provide for any other matters which affect the security
29 or protection of the bonds.

1 Sec. 44.57.440. VALIDITY OF PLEDGE. It is the intention of the
2 legislature that a pledge made in respect of bonds be valid and binding
3 from the time the pledge is made; that the money or property so pledged
4 and thereafter received by the authority be immediately subject to the
5 lien of the pledge without physical delivery or further act; and that
6 the lien of the pledge be valid and binding as against all parties
7 having claims of any kind in tort, contract or otherwise against the
8 authority irrespective of whether the parties have notice. Neither the
9 resolution, trust agreement nor any other instrument by which a pledge
10 is created need be recorded or filed under the provisions of the Uniform
11 Commercial Code to be valid, binding or effective against the parties.

12 Sec. 44.57.445. NONLIABILITY ON BONDS. (a) Neither the members
13 of the authority nor a person executing the bonds is liable personally
14 on the bonds or subject to personal liability or accountability by
15 reason of the issuance of the bonds.

16 (b) The bonds issued by the authority do not constitute an indebt-
17 edness or other liability of the state or of a political subdivision of
18 the state, except the authority, but are payable solely from the income
19 and receipts or other funds or property of the authority. The authority
20 may not pledge the faith or credit of the state or of a political sub-
21 division of the state (except the authority) to the payment of a bond
22 and the issuance of a bond by the authority does not directly, in-
23 directly or contingently obligate the state or a political subdivision
24 of the state to levy or pledge any form of taxation to the payment of a
25 bond.

26 Sec. 44.57.450. PLEDGE OF THE STATE. (a) The state pledges to and
27 agrees with the holders of bonds issued under AS 44.57.400 - 44.57.475
28 that the state will not limit or alter the rights and powers
29 vested in the authority by AS 44.57.400 - 44.57.475 to fulfill the terms

1 of any contract made by the authority with the holders. The state also
2 pledges to and agrees not to impair the rights and remedies of the
3 holders until the bonds, interest on them, interest on unpaid install-
4 ments of interest on them, and all costs and expenses in connection with
5 any action or proceeding by or on behalf of the holders, are fully met
6 and discharged.

7 (b) The state pledges to and agrees with a federal agency that
8 loans or contributes funds for railroad facilities of the authority,
9 that the state will not limit or alter the rights and powers vested in
10 the authority by AS 44.57.400 - 44.57.475 to fulfill the terms of any
11 contract made by the authority with the federal agency.

12 (c) The authority is authorized to include the pledge and agree-
13 ment of the state contained in (a) and (b) of this section, insofar as
14 it refers to holders of bonds of the authority, in a contract with the
15 holders, and insofar as it relates to a federal agency, in a contract
16 with a federal agency.

17 Sec. 44.57.455. EXEMPTION FROM TAXATION. The real and personal
18 property of the authority and its assets, income and receipts are de-
19 clared to be property of a political subdivision of the state and,
20 together with the railroad facilities under the jurisdiction of the
21 authority is exempt from all taxes and special assessments of the state
22 or a political subdivision of the state. The bonds of the authority are
23 declared to be issued by a political subdivision of the state for an
24 essential public and governmental purpose and the bonds, and the inter-
25 est on them, the income from them and the transfer of the bonds, and all
26 assets, and income pledged to pay or secure the payment of the bonds, or
27 interest on them, are exempt from taxation by or under the authority of
28 the state, except for inheritance and estate taxes and taxes on trans-
29 fers by or in contemplation of death.

1 Sec. 44.57.460. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
2 bonds of the authority are securities in which all public officers and
3 bodies of the state and all municipalities, all insurance companies and
4 associations and other persons carrying on an insurance business, all
5 banks, bankers, trust companies, savings banks, savings associations,
6 including savings and loan associations and building and loan associa-
7 tions, investment companies and other persons carrying on a banking
8 business, all administrators, guardians, executors, trustees and other
9 fiduciaries, and all other persons who are or who may be authorized to
10 invest in bonds or other obligations of the state, may properly and
11 legally invest funds including capital in their control or belonging to
12 them. The bonds of the authority are also securities which may be
13 deposited with and may be received by all public officers of this state
14 and all municipalities for any purpose for which the deposit of bonds or
15 other obligations of the state is or may be authorized.

16 ARTICLE 4b. ALASKA RAILROAD AUTHORITY: GENERAL PROVISIONS.

17 Sec. 44.57.475. DEFINITIONS. In AS 44.57.400 - 44.57.475

- 18 (1) "authority" means the Alaska Railroad Authority;
19 (2) "board" means the board of directors of the authority;
20 (3) "railroad facilities" includes rights-of-way, trackbed,
21 engines, cars, freight and passenger terminals, and any other facilities
22 or equipment used for the operation of a railroad.
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