

Introduced: 2/4/81  
Referred: Transportation  
and State Affairs

BY MOSS, ROGERS, BROWN AND  
BETTISWORTH

1 IN THE HOUSE

2 HOUSE BILL NO. 12

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST 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 is amended by adding a new chapter to read:

9 CHAPTER 87. ALASKA RAILROAD AUTHORITY.

10 ARTICLE 1. CREATION AND ORGANIZATION.

11 Sec. 44.87.010. ALASKA RAILROAD AUTHORITY CREATED. There is  
12 created the Alaska Railroad Authority. The authority is a public cor-  
13 poration of the state in the Department of Transportation and Public  
14 Facilities, but with a separate and independent legal existence.

15 Sec. 44.87.015. MEMBERSHIP OF THE AUTHORITY. The authority con-  
16 sists of the following board of directors: the commissioner of trans-  
17 portation and public facilities, the commissioner of revenue, and the  
18 commissioner of commerce and economic development.

19 Sec. 44.87.020. OFFICERS AND QUORUM. The board shall elect one  
20 member as chairman. Other officers may be elected as the board deter-  
21 mines. The powers of the authority are vested in the board. Two  
22 directors of the authority constitute a quorum. Action may be taken  
23 and motions and resolutions adopted by the authority at a meeting by  
24 the affirmative vote of at least two directors. The directors serve  
25 without compensation, but they are entitled to the same travel expenses  
26 and per diem provided by law for board members.

27 Sec. 44.87.025. 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

1 engage the services of the bond counsel, consultants, experts, and  
2 financial advisors it considers necessary for the purpose of developing  
3 information, or conducting studies, investigations, hearings, or other  
4 proceedings.

5 ARTICLE 2. PURPOSE AND POWERS.

6 Sec. 44.87.030. PURPOSE OF THE AUTHORITY. The purpose of the  
7 authority is to acquire, construct, operate and maintain railroad  
8 facilities in the state.

9 Sec. 44.87.035. POWERS OF THE AUTHORITY. In furtherance of its  
10 corporate purposes, the authority may

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

1 a private organization or other source;

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

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

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

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

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

14 ARTICLE 3. FINANCIAL PROVISIONS.

15 Sec. 44.87.040. BONDS OF THE AUTHORITY. (a) The authority may  
16 issue bonds in accordance with AS 44.87.035(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  
25 issue. Bonds shall bear interest at the rate or rates, be in the  
26 denominations, be in the form, either coupon or registered, carry the  
27 registration privileges, be executed in the manner, be payable in the  
28 medium of payment, at the place or places, and be subject to the terms  
29 of redemption which the resolution or a subsequent resolution may

provide.

(c) All bonds, regardless of form or character, shall be negotiable instruments for all the purposes of the Uniform Commercial Code.

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

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

Sec. 44.87.045. TRUST INDENTURES AND TRUST AGREEMENTS. In the discretion of the authority, an issue of bonds may be secured by a trust indenture or trust agreement between the authority and a corporate trustee (which may be a trust company, bank, or national banking association, with corporate trust powers, located inside or outside the state) or by a secured loan agreement or other instrument or under a resolution giving powers to a corporate trustee by means of which the authority may

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

(A) the application, investment, deposit, use and disposition of the proceeds of the bonds of the authority or of money or other property of the authority or in which it has an interest;

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

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

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

3 Sec. 44.87.050. VALIDITY OF PLEDGE. It is the intention of the  
4 legislature that a pledge made in respect of bonds be valid and binding  
5 from the time the pledge is made; that the money or property so pledged  
6 and thereafter received by the authority be immediately subject to the  
7 lien of the pledge without physical delivery or further act; and that  
8 the lien of the pledge be valid and binding as against all parties  
9 having claims of any kind in tort, contract or otherwise against the  
10 authority irrespective of whether the parties have notice. Neither the  
11 resolution, trust agreement nor any other instrument by which a pledge  
12 is created need be recorded or filed under the provisions of the  
13 Uniform Commercial Code to be valid, binding or effective against the  
14 parties.

15 Sec. 44.87.055. NONLIABILITY ON BONDS. (a) Neither the members  
16 of the authority nor a person executing the bonds is liable personally  
17 on the bonds or subject to personal liability or accountability by  
18 reason of the issuance of the bonds.

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

29 Sec. 44.87.060. PLEDGE OF THE STATE. (a) The state pledges to

1 and agrees with the holders of bonds issued under this chapter that the  
2 state will not limit or alter the rights and powers vested in the  
3 authority by this chapter to fulfill the terms of any contract made by  
4 the authority with the holders. The state also pledges to and agrees  
5 not to impair the rights and remedies of the holders until the bonds,  
6 interest on them, interest on unpaid installments of interest on them,  
7 and all costs and expenses in connection with any action or proceeding  
8 by or on behalf of the holders, are fully met and discharged.

9 (b) The state pledges to and agrees with a federal agency that  
10 loans or contributes money for railroad facilities of the authority,  
11 that the state will not limit or alter the rights and powers vested in  
12 the authority by this chapter to fulfill the terms of any contract made  
13 by the authority with the federal agency.

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

19 Sec. 44.87.065. EXEMPTION FROM TAXATION. The real and personal  
20 property of the authority and its assets, income and receipts are de-  
21 clared to be property of a political subdivision of the state and,  
22 together with the railroad facilities under the jurisdiction of the  
23 authority is exempt from all taxes and special assessments of the state  
24 or a political subdivision of the state. The bonds of the authority  
25 are declared to be issued by a political subdivision of the state for  
26 an essential public and governmental purpose and the bonds, and the  
27 interest on them, the income from them and the transfer of the bonds,  
28 and all assets, and income pledged to pay or secure the payment of the  
29 bonds, or interest on them, are exempt from taxation by or under the

1 authority of the state, except for inheritance and estate taxes and  
2 taxes on transfers by or in contemplation of death.

3 Sec. 44.87.070. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The  
4 bonds of the authority are securities in which all public officers and  
5 bodies of the state and all municipalities, all insurance companies and  
6 associations and other persons carrying on an insurance business, all  
7 banks, bankers, trust companies, savings banks, savings associations,  
8 including savings and loan associations and building and loan associa-  
9 tions, investment companies and other persons carrying on a banking  
10 business, all administrators, guardians, executors, trustees and other  
11 fiduciaries, and all other persons who are or who may be authorized to  
12 invest in bonds or other obligations of the state, may properly and  
13 legally invest funds including capital in their control or belonging to  
14 them. The bonds of the authority are also securities which may be  
15 deposited with and may be received by all public officers of this state  
16 and all municipalities for any purpose for which the deposit of bonds  
17 or other obligations of the state is or may be authorized.

18 ARTICLE 4. GENERAL PROVISIONS.

19 Sec. 44.87.075. DEFINITIONS. In this chapter

- 20 (1) "authority" means the Alaska Railroad Authority;  
21 (2) "board" means the board of directors of the authority;  
22 (3) "railroad facilities" includes rights-of-way, trackbed,  
23 engines, cars, freight and passenger terminals, and any other facili-  
24 ties or equipment used for the operation of a railroad.  
25  
26  
27  
28  
29