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Original sponsors: Fahrenkamp, Kerttula
Ferguson and P. Fischer

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 151 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Regional Resource Development
7 Authorities; and providing for an effective date."

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

9 * Section 1. LEGISLATIVE FINDINGS AND POLICY. The legislature finds,
10 determines, and declares that:

11 (1) In most areas of the state, there is a lack of basic trans-
12 portation and port facilities adequate to permit the development of natural
13 resource enterprises, including mining enterprises.

14 (2) The development of natural resource enterprises, including
15 mining enterprises, is essential to the long-term economic growth of the
16 state and will directly and indirectly alleviate unemployment in the state.

17 (3) The achievement of full employment and the establishment and
18 continuing development of natural resource enterprises in the state will be
19 accelerated by authorizing the creation of instrumentalities in the various
20 areas of the state with powers to borrow money to provide for the develop-
21 ment of transportation and port facilities, and to own, operate and main-
22 tain transportation and port facilities, as provided in this chapter.

23 (4) The locally elected majority membership of an authority
24 created under this chapter provides a method of assuring that the manner of
25 development and the permanent features of a project will be consistent with
26 the economic, sociological, cultural, environmental, and political aspira-
27 tions of the residents of the particular region.

28 * Sec. 2. AS 30 is amended by adding a new chapter to read:

29 CHAPTER 13. REGIONAL RESOURCE DEVELOPMENT AUTHORITIES.

1 Sec. 30.13.010. CREATION OF AUTHORITY. (a) The residents of
2 each area of the state within the boundaries of a regional educational
3 attendance area established under AS 14.08 may create a public body
4 corporate and politic under the name and style of the "
5 _____ Resource Development Authority" with all or any
6 significant part of the name of the region of the state inserted. The
7 boundaries of the authority created shall be coterminous with the
8 boundaries of the regional educational attendance area. Creation of
9 an authority is initiated by a petition filed with the Department of
10 Community and Regional Affairs and a statement submitted to the gover-
11 nor before July 1, 1986. The petition must include the proposed name
12 of the authority, its boundaries, and a statement of the facilities
13 proposed to be provided by the authority. The petition must be signed
14 by 15 percent of the total number of residents in the regional educa-
15 tional attendance area who cast votes in the preceding general
16 election. The Department of Community and Regional Affairs shall
17 review petitions for content and signatures. If the Department of
18 Community and Regional Affairs determines that the petition is ade-
19 quate, it shall transmit the petition to the director of elections.

20 (b) The statement required under (a) of this section to be
21 submitted to the governor must include the purposes for which the
22 authority is to be created, the goals and potential projects the
23 authority intends to accomplish, and an analysis of alternative
24 methods of accomplishing the goals and projects of the proposed au-
25 thority. The governor shall determine whether the accomplishment of
26 the goals and potential projects of the proposed authority would be
27 advantageous to the economic growth of the region and the state and
28 whether the creation of the proposed authority would be an appropriate
29 and desirable method of accomplishing those goals and projects. The

1 governor shall submit findings under this subsection to the division
2 of elections within 90 days after receipt of the statement.

3 (c) The director of elections shall order an election in the
4 area of the proposed authority to determine whether the voters desire
5 the creation of the authority if the director has received the peti-
6 tion and

7 (1) the governor has submitted affirmative findings to the
8 director under (b) of this section; or

9 (2) more than 90 days have elapsed since the statement was
10 submitted to the governor under (a) of this section and the governor
11 has failed to submit negative findings to the division of elections.

12 (d) An order for an election shall be made within 30 days after
13 the requirements of (c) of this section have been met. The election
14 shall be held not less than 30 or more than 120 days after the date of
15 the election order. To the extent practicable, the election shall be
16 held on a date coinciding with the date for other elections in the
17 region. The election order shall specify the dates after which nomi-
18 nation petitions for election of initial officers may be filed.

19 (e) A registered voter who has been a resident within the area
20 of the proposed authority for 30 days before the date of election may
21 vote.

22 (f) If creation of an authority is approved, the director of
23 elections shall, within 10 days of certification, order an election to
24 choose the five initially elected members of the board of governors of
25 the authority. The election shall be held not less than 60 or more
26 than 90 days after the date of the election order. The initially
27 elected members of the board of governors shall take office on the
28 first Monday following certification of their election. Two of the
29 initially elected members shall be designated by lot to serve for a

1 term expiring on the first day of the second November after the date
2 of their election; two of the initially elected members shall be
3 designated by lot to serve for a term expiring on the first day of the
4 third November after the date of their election, and one of the ini-
5 tially elected members shall be designated by lot to serve for a term
6 expiring on the first day of the fourth November after the date of
7 election.

8 (g) Nominations for elected members are made by petition. The
9 petition shall be in the form prescribed by the director of elections
10 and include the name and address of the nominee and the statement of
11 the nominee that the nominee is qualified under this chapter for the
12 office of member of the board of governors of the authority. A
13 nomination petition shall include the signature and resident address
14 of 20 voters in the area of the authority. The director of elections
15 shall supervise the elections in the general manner prescribed by the
16 Alaska Election Code (AS 15). The state shall pay all election costs
17 under this chapter.

18 (h) A copy of each petition for the creation of an authority and
19 of the certificate of the director of elections as to the election
20 shall be filed in the office of the director of elections. Upon proof
21 of filing the authority referred to shall, in any suit, action or
22 proceeding involving the validity or enforcement of, or relating to,
23 any contract or obligation or act of the authority, be conclusively
24 presumed to have been lawfully and properly created as a public body
25 corporate and politic and established and authorized to transact
26 business and exercise its powers under this chapter.

27 Sec. 30.13.020. BOARD OF GOVERNORS. (a) The authority shall be
28 governed by a board of governors consisting of eight members, five of
29 whom shall be elected and three of whom shall be appointed by the

1 governor. Elections of members to succeed those initially elected
2 under AS 30.13.010(f) shall be held on the first Tuesday of October of
3 each year in which a term expires. Terms of elected members shall be
4 two years.

5 (b) Nominations for elected members to succeed those initially
6 elected under AS 30.13.010(f) shall be in accordance with the proce-
7 dures set out in AS 30.13.010(g).

8 (c) The three members appointed by the governor shall be heads
9 of principal departments of the executive branch and shall serve at
10 the pleasure of the governor.

11 (d) The members of the board of governors shall elect a chair-
12 person and a vice chairperson from among its members. A majority of
13 the members of the board of governors constitutes a quorum for the
14 transaction of business. Action may be taken and motions or resolu-
15 tions adopted by the board of governors at a meeting at which a quorum
16 is present by vote of a majority of the members present, unless the
17 bylaws of an authority require a larger number. The board of gover-
18 nors may delegate to one or more of its officers, agents or employees
19 the powers and duties that it considers proper. The board of gover-
20 nors may appoint persons as officers it considers advisable, including
21 an executive director, and may employ professional advisors, counsel,
22 technical experts, agents, and other employees it considers advisable.

23 (e) A member of the board of governors of an authority may not
24 vote on a resolution of the board relating to any agreement to be
25 entered into by the authority under this chapter if the member is a
26 party to the agreement or has a direct ownership or equity interest,
27 beneficially or of record, exceeding one percent in, or is employed
28 by, a firm, partnership, corporation or association that is a party to
29 the agreement. A resolution of the board that is approved by a

1 majority of all the members who are not barred from voting under this
2 subsection is a valid action of the authority for all purposes.

3 Sec. 30.13.030. PURPOSE OF AN AUTHORITY. The purpose of an
4 authority shall be the improvement, establishment and development of
5 facilities in its district for transportation purposes in connection
6 with natural resource enterprises, either directly or by agreement
7 with any public or private entity or person.

8 Sec. 30.13.040. POWERS OF AN AUTHORITY. Subject to AS 30.13.050
9 and AS 30.13.130, in furtherance of its corporate purposes under
10 AS 30.13.030, an authority has the power to

- 11 (1) sue and be sued;
- 12 (2) have a seal and alter it at its pleasure;
- 13 (3) adopt and amend bylaws for its organization and inter-
14 nal management;
- 15 (4) adopt regulations governing the exercise of its corpo-
16 rate powers;
- 17 (5) acquire, rent, hold, use and dispose of projects and
18 other real and personal property necessary, useful, or convenient for
19 its purposes upon the terms and conditions the authority may consider
20 advisable;
- 21 (6) provide for and secure the payment of bonds and the
22 rights of the holders of them, and to purchase, hold and dispose of
23 bonds;
- 24 (7) accept gifts, loans, or grants, including organiza-
25 tional grants, from, and enter into contracts or other transactions
26 regarding them with, any federal, state, municipal or other agency or
27 instrumentality, private organization, or other person;
- 28 (8) deposit or invest its funds, subject to agreements with
29 bondholders;

1 (9) charge and collect rents, rates, fees, or other charges
2 for its services and facilities;

3 (10) enter into contracts or other transactions with any
4 federal, state, municipal or other agency, or instrumentality, private
5 organization, or person consistent with the exercise of any powers
6 under this chapter; and

7 (11) do all things necessary and convenient to carry out its
8 corporate purposes and exercise the powers granted in this chapter.

9 Sec. 30.13.050. LIMITATION ON POWERS. An authority has only
10 those powers expressly granted in this chapter, reasonably implied
11 from this chapter, or reasonably necessary or convenient to carry out
12 its corporate purposes and to exercise the powers expressly granted in
13 or reasonably implied from this chapter. An authority does not have
14 powers of eminent domain, taxation, land use planning, zoning, permit-
15 ting, or other similar governmental powers.

16 Sec. 30.13.055. CONSIDERATION OF PROJECTS TO BE FINANCED. (a)
17 Before issuing bonds for any project under this chapter, an authority
18 must find, on the basis of all information reasonably available to it,
19 that

20 (1) the project and its development under this chapter will
21 be economically advantageous to the state and the general public
22 welfare and will contribute to the economic growth of the state and
23 the region within which the authority may exercise its powers;

24 (2) the project is financially feasible; and

25 (3) the scope of the project is sufficient to provide a
26 reasonable expectation of a benefit to the region and the economy of
27 the state.

28 (b) An authority shall give fair and reasonable consideration to
29 a project presented to it for financing. When the authority

1 determines whether to finance or assist in the financing of the pro-
2 ject, the authority shall state the reasons for its determination in a
3 written resolution upon request by a person who presented the project
4 to the authority or a person who presented opposition to the project.
5 The authority shall base its reasons on the information presented to
6 it concerning the project and on other information considered appro-
7 priate by the authority.

8 Sec. 30.13.060. BONDS OF AN AUTHORITY. (a) Subject to the
9 provisions of AS 30.13.055(a), an authority may borrow money and may
10 issue bonds, including but not limited to bonds on which the principal
11 and interest are payable,

12 (1) exclusively from the income and receipts or other money
13 derived from the project financed with the proceeds of the bonds;

14 (2) exclusively from the income and receipts or other money
15 derived from designated projects whether or not they are financed in
16 whole or in part with the proceeds of the bonds; or

17 (3) from its income and receipts or other assets generally,
18 or a designated part or parts of them.

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

28 (c) All bonds, regardless of form or character, shall be nego-
29 tiable instruments for the purposes of the Uniform Commercial Code.

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

4 (e) The superior court shall have jurisdiction to hear and
5 determine suits, actions or proceedings relating to an authority,
6 including without limitation suits, actions or proceedings brought to
7 foreclose or otherwise enforce a mortgage, pledge, assignment or
8 security interest or brought by or for the benefit or security of a
9 holder of its bonds or by a trustee for or other representative of the
10 holders.

11 (f) Before issuing bonds for a project under this chapter an
12 authority shall submit to the state bond committee a description of
13 the bond issue and an independent economic feasibility analysis of the
14 project and expected revenues. This information may be contained in a
15 preliminary prospectus, offering circular or official statement relat-
16 ing to the bond issue. Bonds may not be issued unless the state bond
17 committee finds, based upon the information submitted by the authority
18 under this subsection and other information that is reasonably avail-
19 able to it, that the project revenues can be reasonably expected to be
20 adequate for payment of the principal and interest on the bonds to be
21 issued, and that issuance of the bonds by the authority would not be
22 expected to adversely affect the ability of the state or its political
23 subdivisions to market bonds.

24 Sec. 30.13.070. TRUST INDENTURES AND TRUST AGREEMENTS. In the
25 discretion of the authority, an issue of bonds may be secured by a
26 trust indenture or trust agreement between the authority and a corpo-
27 rate trustee, that may be a trust company, bank, or national banking
28 association, with corporate trust powers, located inside or outside
29 the state, or by a secured loan agreement or other instrument or under

1 a resolution giving powers to a corporate trustee, after this in this
2 section referred to as "trust agreement", by means of which the autho-
3 rity may

4 (1) make and enter into the covenants and agreements with
5 the trustee or the holders of the bonds that the authority determines
6 necessary or desirable, including, without limitation, covenants,
7 provisions, limitations and agreements as to

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

12 (B) the fixing and collection of rents or other con-
13 sideration for, and the other terms to be incorporated in an
14 agreement with respect to a project;

15 (C) the assignment by the authority of its rights in a
16 mortgage or other security interest created with respect to a
17 project to a trustee for the benefit of bondholders;

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

20 (E) the vesting in a trustee of rights, powers,
21 duties, funds, or property in trust for the benefit of bond-
22 holders, including, without limitation, the right to enforce
23 payment, performance and all other rights of the authority or of
24 the bondholders, under a lease, contract of sale, mortgage,
25 security agreement, or trust agreement with respect to a project
26 by mandamus or other proceeding or by taking possession of by
27 agent or otherwise and operating a project and collecting rents
28 or other consideration and applying the same in accordance with
29 the trust agreement;

1 (2) pledge, mortgage or assign money, leases, agreements,
2 property or other assets of the authority either presently in hand or
3 to be received in the future, or both; and

4 (3) provide for any other matters that in any way affect
5 the security or protection of the bonds.

6 Sec. 30.13.080. VALIDITY OF PLEDGE. It is the intention of the
7 legislature that a pledge made in respect of bonds shall be perfected
8 and shall be valid and binding from the time the pledge is made; that
9 the money or property so pledged and thereafter received by an author-
10 ity shall immediately be subject to the lien of the pledge without
11 physical delivery or further act; and that the lien of the pledge
12 shall be valid and binding against all parties having claims of any
13 kind in tort, contract, or otherwise against the authority irrespec-
14 tive of whether the parties have notice. Neither the resolution,
15 trust agreement or any other instrument by which a pledge is created
16 need be recorded or filed under the provisions of the Uniform Commer-
17 cial Code to be perfected or to be valid, binding, or effective
18 against the parties. This section does not affect title to or convey-
19 ances of real property, and does not limit the applicability of
20 AS 34.15.290.

21 Sec. 30.13.090. NONLIABILITY ON BONDS. (a) Neither the members
22 of an authority nor a person executing the bonds are liable personally
23 on the bonds or are subject to personal liability or accountability by
24 reason of the issuance of the bonds.

25 (b) The bonds issued by an authority do not constitute an in-
26 debtedness or other liability of the state or of a political subdivi-
27 sion of the state, but shall be payable solely from the income and
28 receipts or other funds or property of the authority. The authority
29 may not pledge the faith or credit of the state or of a political

1 subdivision of the state, except the authority, to the payment of a
2 bond, and the issuance of a bond by the authority does not directly or
3 indirectly or contingently obligate the state or a political subdivi-
4 sion of the state to apply money from, levy or pledge any form of
5 taxation to the payment of the bond.

6 Sec. 30.13.100. PLEDGE OF THE STATE. The state pledges to and
7 agrees with the holders of bonds issued under this chapter and with
8 the federal agency which loans or contributes funds in respect to a
9 project, that the state will not limit or alter the rights and powers
10 vested in an authority by this chapter to fulfill the terms of a
11 contract made by the authority with the holders or federal agency, or
12 in any way impair the rights and remedies of the holders until the
13 bonds, together with the interest on them with interest on unpaid
14 installments of interest, and all costs and expenses in connection
15 with an action or proceeding by or on behalf of the holders, are fully
16 met and discharged. The authority is authorized to include this
17 pledge and agreement of the state, insofar as it refers to holders of
18 bonds of the authority, in a contract with the holders, and insofar as
19 it relates to a federal agency, in a contract with the federal agency.

20 Sec. 30.13.110. EXEMPTION FROM TAXATION. The real and personal
21 property of an authority and its assets, income and receipts are
22 declared to be the property of a political subdivision of the state
23 and, together with any project financed under this chapter are exempt
24 from all taxes and special assessments of the state or a political
25 subdivision of the state. All bonds of an authority are declared to
26 be issued by a political subdivision of the state and for an essential
27 public and governmental purpose and to be a public instrumentality,
28 and the bonds, and the interest on them, the income from them and the
29 transfer of the bonds, and all assets, income and receipts pledged to

1 pay or secure the payment of the bonds, or interest on them, shall at
2 all times be exempt from taxation by or under the authority of the
3 state, except for inheritance and estate taxes and taxes on transfers
4 by or in contemplation of death. Nothing in this section affects or
5 limits an exemption from license fees, property taxes, or excise,
6 income, or other taxes, provided under any other law, nor does it
7 create a tax exemption with respect to the interest of any business
8 enterprise or other person, other than the authority, in any property,
9 assets, income, receipts, project or lease whether or not financed
10 under this chapter.

11 Sec. 30.13.120. BONDS LEGAL INVESTMENTS FOR FIDUCIARIES. The
12 bonds of an authority are securities in which all public officers and
13 bodies of the state and all municipalities and municipal subdivisions,
14 all insurance companies and associations and other persons carrying on
15 an insurance business, all banks, bankers, trust companies, savings
16 banks, savings associations, including without limitation savings and
17 loan associations and building and loan associations, investment
18 companies and other persons carrying on banking business, all adminis-
19 trators, guardians, executors, trustees and other fiduciaries, and all
20 other persons who are now or may afterward be authorized to invest in
21 bonds or other obligations of the state, may properly and legally
22 invest money including capital in their control or belonging to them.
23 Notwithstanding any other provisions of law, the bonds of an authority
24 are also securities that may be deposited with and may be received by
25 all public officers and bodies of the state and all municipalities and
26 municipal subdivisions for any purpose for which the deposit of bonds
27 or other obligations of the state is now or may afterward be autho-
28 rized.

29 Sec. 30.13.125. AUDIT. The legislative auditor shall audit or

1 shall cause to have audited annually the financial records of an
2 authority. The legislative auditor may prescribe the form and content
3 of the financial records of an authority and shall have access to
4 these records at any reasonable time.

5 Sec. 30.13.130. EQUAL USE AND ACCESS. If an authority owns,
6 leases, or otherwise operates or controls, or participates in the
7 financing of, a facility, the authority shall, to the maximum extent
8 possible, provide for equal rights of access to and use of the facil-
9 ity by members of the public and other persons or entities upon terms
10 and conditions that are fair and reasonable. However, this subsection
11 does not prevent an authority from establishing fair and reasonable
12 limitations on use of or access to a facility to the extent the limi-
13 tations are necessary in connection with the nature of the facility or
14 the demand for use of or access to the facility. This section applies
15 to the establishment of rates and rate structures as well as all other
16 factors, terms, and conditions relating to the use of or access to the
17 facility, including without limitation the design and location of the
18 facility. The members of the authority shall make a written finding
19 concerning compliance of the facility with the provisions of this
20 section. A written finding signed by at least three of the five
21 elected members and two of the three appointed members that the facil-
22 ity complies with the provisions of this section shall constitute a
23 conclusive presumption of compliance.

24 Sec. 30.13.140. JURISDICTION. An authority is not subject to
25 the jurisdiction of the Alaska Transportation Commission.

26 Sec. 30.13.150. SUCCESSION. Whenever a borough of the first or
27 second class or a home rule municipality is created with an area
28 coterminous with or inclusive of the area of an authority, the author-
29 ity shall be integrated into the borough or home rule municipality

1 within one year of incorporation. On integration the borough or home
2 rule municipality succeeds to all the rights, powers, duties, assets,
3 and liabilities of the authority, except that any indebtedness of an
4 authority does not constitute a general obligation of the borough or
5 home rule municipality payable from taxes levied by the borough or
6 home rule municipality. The borough or home rule municipality may not
7 levy any taxes to pay the indebtedness.

8 Sec. 30.13.900. DEFINITIONS. In this chapter, unless the con-
9 text otherwise requires,

10 (1) "authority" means a public body created under AS 30.-
11 13.010;

12 (2) "bonds" means bonds or other obligations issued under
13 this chapter;

14 (3) "cost" includes the cost of acquisition or construction
15 of all or any part of transportation facilities and of all or any
16 property, rights, easements and franchises considered by an authority
17 to be necessary, useful, or convenient, including without limitation
18 reimbursements to the authority or any other person of money expended
19 for the purposes of the authority and interest or discount on bonds to
20 finance those expenses, engineering and inspection costs and legal
21 expenses, the cost of financial, professional and other advice, and
22 the cost of issuance of bonds;

23 (4) "district" means the area within the boundaries of an
24 authority;

25 (5) "person" includes a corporation, company, partnership,
26 firm, association, organization, business trust, society, state or
27 agency or subdivision of the state, municipality of the state, or an
28 authority, as well as a natural person;

29 (6) "transportation facilities", or "facilities", or

1 "projects" means harbor, port, shipping and transportation facilities
2 of all kinds, including harbors, channels, turning basins, anchorage
3 areas, jetties, breakwaters, waterways, canals, locks, tidal basins,
4 wharves, docks, piers, slips, bulkheads, public landings, warehouses,
5 terminals, refrigerating and cold storage plants, rolling stock, car
6 ferries, tugs, boats, conveyors, tunnels, bridges, highways, roads and
7 railroads, and appliances of all kinds for the handling, storage, in-
8 spection and transportation of freight and natural resource products;
9 it also includes all property, rights, easements and franchises rela-
10 tive to a facility and necessary or convenient for the acquisition,
11 construction or operation of the facility, but does not include air-
12 port facilities.

13 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
14 10.070(c).