

Leg. Finance - Finance Comte Files (1971-72) 8879

HB 402 cont., 402am

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the terms of the Resolution, in interest-bearing time deposits, or shall make other similar banking arrangements, with itself or a member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation; provided, that no monies in such funds or accounts shall be so deposited unless the recipient of such deposit shall certify in writing to the Bank and the Trustee, upon the making of each such deposit or arrangement, that the interest to be earned thereon will be in excess of the interest, income or increment that would be earned by the investment of such monies in accordance with the requirements of paragraphs (1), (2) and (3) above in direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the State or the United States of America at the then current market prices; provided further, that each such interest-bearing time deposit or other similar banking arrangement shall permit the monies so placed to be available for use at the times provided with respect to the investment or reinvestment of such monies; and provided further, that all monies in each such interest-bearing time deposit or other similar banking arrangement shall be continuously and fully secured by direct obligations of the United States of America or of the State or obligations the principal and interest of which are guaranteed by the State or the United States of America, of a market value equal at all times to the amount of the deposit or of the other similar banking arrangement.

ISSUANCE OF ADDITIONAL BONDS

The Resolution provides that the Bank shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge and lien on the Municipal Bonds and the Municipal Bonds Payments or which will be payable from the General Fund or Reserve Fund, except that additional Series of Bonds may be issued from time to time pursuant to a Series Resolution subsequent to the issuance of the initial Series of Bonds under the Resolution on a parity with the Bonds of such initial Series of Bonds and secured by an equal charge and lien on the Municipal Bonds and the Municipal Bonds Payments, and payable equally and ratably from the General Fund and Reserve Fund for the purposes of (i) the establishment of or the crediting of money to Loan Accounts, (ii) payments into the Interest Account, the Operating Account or the Reserve Fund, (iii) the funding of Notes theretofore issued by the Bank to provide funds to make Loans, and (iv) subject to the provisions and limitations on refunding, the refunding of any Bonds then Outstanding, under the conditions and subject to the limitations stated below.

No additional Series of Bonds shall be issued subsequent to the issuance of the initial Series of Bonds under the Resolution unless:

(a) the principal amount of the additional Bonds then to be issued, together with the principal amount of the Bonds and Notes of the Bank theretofore issued, will not exceed in aggregate principal amount any limitation thereon imposed by law;

(b) there is at the time of the issuance of such additional Bonds no deficiency in the amounts required by the Resolution or any Series Resolution to be paid into the General Fund and into the Reserve Fund;

(c) the amount of the Reserve Fund, upon the issuance and delivery of such additional Bonds and the deposit in the Reserve Fund of any amount provided therefor in the Series Resolution authorizing the issuance of such additional Bonds, shall not be less than the Required Debt Service Reserve;

(d) the provisions of Section 4675 of the Act providing for the maintenance of the Reserve Fund in an amount equal to the Required Debt Service Reserve by the appropriation and payment of monies by the State for such purpose shall not have been repealed or amended to the detriment of Bondholders; and

(e) the maturities of the additional Bonds then being issued representing Loan Obligations, unless such additional Bonds are being issued to refund Outstanding Bonds, shall be proportionate to the scheduled Municipal Bonds Principal Payments to be made in respect of the Loans with respect to which such additional Bonds are to be issued.

The Bank expressly reserves the right to adopt one or more other general bond resolutions and reserves the right to issue Notes and any other obligations so long as the same are not a charge or lien on the Municipal Bonds, the Municipal Bonds Payments and the Fees and Charges, or payable from the General Fund or Reserve Fund created pursuant to the Resolution.

(b) by bringing suit upon the Bonds;

(c) by action or suit in equity, to require the Bank to account as if it were the trustee of an express trust for the Holders of the Bonds;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Bonds;

(e) in accordance with the provisions of the Act, declare all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds, to annul such declaration and its consequences.

(2) In the enforcement of any remedy under the Resolution, the Trustee shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and any time remaining, due from the Bank for principal, Redemption Price, interest or otherwise, under any provision of this Resolution or a Series Resolution or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Bank for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any monies available for such purpose, in any manner provided by law, the monies adjudged or decreed to be payable.

Priority of Payments After Default

In the event that the funds held by the Trustee and Paying Agent shall be insufficient for the payment of interest and principal or Redemption Price then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or coupons which have theretofore become due at maturity or by call for redemption) and any other monies received or collected by the Trustee acting pursuant to the Act, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds, and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agent in the performance of their respective duties under the Resolution, shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

These provisions are in all respects subject to provisions in the Resolution as to the extension of payment of principal and interest on the Bonds.

Whenever monies are to be applied by the Trustee pursuant to the provisions of this Section, such monies shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of

(2) The Bank may pay to the respective State agency, municipality or political subdivision of the State from the Operating Account such amounts as are necessary to reimburse the respective State agency, municipality or political subdivision of the State for the reasonable costs of any services performed for the Bank.

Waiver of Laws

The Bank shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in the Resolution or in any Series Resolution or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Bank.

DEFAULTS AND REMEDIES

The Trustee shall be and by the Resolution is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 4702 of the Act and the right of Bondholders to appoint a trustee pursuant to Section 4702 of the Act is abrogated in accordance with the provision of subdivision 18 of Section 4648 of the Act.

The Resolution declares each of the following events an "event of default":

(a) If the Bank shall default in the payment of the principal or Redemption Price of or interest on any Bond when and as the same shall become due, whether at maturity or upon call for redemption, and such default shall continue for a period of thirty (30) days; or

(b) if the Bank shall fail or refuse to comply with the provisions of Section 4675 of the Act, or the State shall fail to appropriate and pay to the Bank, as and when required by such Section, for deposit in the Reserve Fund any amount or amounts as shall be certified by the Chairman of the Bank pursuant to such provisions of the Act; or

(c) if the Bank shall fail or refuse to comply with the provisions of the Act, other than as provided in (b) above, or shall default in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution, any Series Resolution, any Supplemental Resolution, or in the Bonds contained, and such failure, refusal or default shall continue for a period of ninety (90) days after written notice thereof by the Holders of not less than five per centum (5%) in principal amount of the Outstanding Bonds;

provided, however, that an event of default shall not be deemed to exist under the provisions of clause (c) above upon the failure of the Bank to make and collect Fees and Charges required to be made and collected by the provisions of the Resolution or upon the failure of the Bank to enforce any obligation undertaken by a Municipality pursuant to a Loan Agreement including the making of the stipulated Municipal Bonds Payments so long as the Bank may be otherwise directed by law and so long as the Bank shall be provided with monies from the State or otherwise, other than withdrawals from or reimbursements of the Reserve Fund, sufficient in amount to pay the principal of and interest on all Bonds as the same shall become due during the period for which the Bank shall be directed by law to abstain from making and collecting such Fees and Charges and from enforcing the obligations of Municipalities under the applicable Loan Agreement.

Remedies

(1) Upon the happening and continuance of any event of default specified in paragraph (a) above, the Trustee shall proceed, or upon the happening and continuance of any event of default specified in paragraphs (b) and (c) above, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds shall proceed, in its own name, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Bank to make and collect Fees and Charges and Municipal Bonds Payments adequate to carry out the covenants and agreements as to, and pledge of, such Fees and Charges and Municipal Bonds Payments, and other properties and to require the Bank to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

ISSUANCE OF REFUNDING BONDS

The Resolution provides that: (1) One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all but not less than all Outstanding Bonds of one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, the Resolution and of the Series Resolution authorizing said Refunding Bonds.

(2) The Bonds of the Series of a Refunding Issue may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by it of the documents required by the Resolution for the delivery of a Series of Bonds) of:

(a) A certificate of an Authorized Officer setting forth (1) the Aggregate Debt Service for the then current and each future calendar year (i) with respect to all Series of Bonds Outstanding immediately prior to such authentication and delivery and (ii) with respect to all Series of Bonds to be Outstanding immediately thereafter, and (2) that the Aggregate Debt Service for each such year set forth pursuant to (1)(ii) of this paragraph (a) is no greater than the Aggregate Debt Service set forth pursuant to (1)(i) of this paragraph (a);

(b) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(c) Irrevocable instructions to the Trustee, satisfactory to it, to make the required publication of notice to the Holders of the Bonds and coupons being refunded;

(d) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) direct obligations of the United States of America in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Resolution relative to defeasance of Bonds and any moneys required pursuant thereto, which direct obligations of the United States of America and moneys shall be held in trust and used only as provided by such provisions; and

(e) A certificate of an Authorized Officer containing such additional statements as may be reasonably necessary to show compliance with the requirements of the Resolution which provide for Bonds of a Refunding Issue.

(3) If the principal amount of the Bonds of a Refunding Issue shall exceed the principal amount of the Outstanding Bonds refunded thereby, from and after the delivery of such Series of a Refunding Issue, the Trustee shall make appropriate adjustment between the Interest Account and Principal Account when disbursing and applying Municipal Bonds Payments deposited in the General Fund pursuant to the provisions of the Resolution to the end that such portion of the Municipal Bonds Payments as shall represent Municipal Bonds Interest Payments not required for deposit in the Interest Account for the purpose of paying interest accruing upon the Bonds shall be deposited in the Principal Account. Any surplus which might result upon and after such deposit shall be disposed of in the manner specified in the Series Resolution authorizing such Series of Bonds of the Refunding Issue.

MISCELLANEOUS RESOLUTION AND LOAN AGREEMENT PROVISIONS

Modification of Loan Agreement Terms

The Bank shall not consent to the modification of, or modify, the rate or rates of interest of, or the amount or time of payment of any installment of principal or interest of any Municipal Bonds evidencing a Loan, or the amount or time of payment of any Fees and Charges payable with respect to such Loan, or the security for or any terms or provisions of such Loan or the Municipal Bonds evidencing the same, in a manner which adversely affects or diminishes the rights of the Bondholders; provided, however, that, in the event the Bonds issued to provide the funds with which the Bank has made a Loan are being or have been refunded and the

Bonds of the Refunding Issue issued or to be issued for the purpose of refunding such original Bonds are in a principal amount in excess of the principal amount of the Bonds refunded, the Bank may consent to the modification of and modify the Loan Agreement relating to such Loan and the Municipal Bonds evidencing the same, and the Municipal Bonds Payments to be made thereunder so long as such Municipal Bonds Payments are sufficient in amount and payable at the times required for the payment of the principal of and interest on such Bonds of the Refunding Issue.

Sale of Municipal Bonds by Bank

The Bank shall not sell any Municipal Bonds or other obligations issued as evidence of a Loan made by the Bank prior to the date on which all Outstanding Bonds issued with respect to such Loan are redeemable, and shall not after such date sell any such Municipal Bonds or other obligation issued as evidence of a Loan made by the Bank unless the sales price thereof received by the Bank shall not be less than the aggregate of: (i) the principal amount of the Municipality's Loan Obligations remaining unpaid, (ii) the Municipality's Reserve Fund Obligations remaining unpaid, (iii) the interest to accrue on all Bonds to be redeemed by the Bank upon the sale of such Municipal Bonds to the next redemption date thereof not previously paid by the Municipality, (iv) the applicable premium, if any, payable on the Bonds so to be redeemed, and (v) the costs and expenses of the Bank in effecting the redemption of the Bonds so to be redeemed, less the amount of monies or securities available in the applicable sub-account or sub-accounts in the Redemption Account and for withdrawal from the Reserve Fund and application to the redemption of such Bonds in accordance with the terms and provisions of the Resolution, as determined by the Bank; provided, however, that, in the event the Bonds issued to provide the funds with which the Bank made the Loan evidenced by the Municipal Bonds to be sold by the Bank have been refunded and the Bonds of the Refunding Issue issued for the purpose of refunding such original Bonds were issued in a principal amount in excess of the Municipality's Loan Obligations remaining unpaid at the date of such Refunding Issue, the required amount to be included in such sales price under item (i) above shall be the principal amount of such Bonds of the Refunding Issue Outstanding.

Enforcement of Municipal Bonds

The Bank shall diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loan Agreements and the Municipal Bonds evidencing Loans made by the Bank, including the prompt collection of Municipal Bonds and Fees and Charges.

The Act provides that on the sale and issuance of any Municipal Bonds to the Bank by any Governmental Unit, that Governmental Unit is deemed to agree that on the failure of that Governmental Unit to pay interest or principal on any of the Municipal Bonds owned or held by the Bank when payable, all defenses to non-payment are waived, and upon nonpayment and demand on that Governmental Unit for payment, if funds are not available in its treasury to make payment, the governing body of that Governmental Unit shall forthwith assess a tax on the grand list of the Governmental Unit, sufficient to make payment with twelve percent interest thereon, and cause the tax to be collected within sixty days, and further, notwithstanding any other law, including any law under which the Municipal Bonds were issued by that Governmental Unit, the Bank upon nonpayment is constituted a holder or owner of the Municipal Bonds as being in default.

Pledge of Municipal Bonds and Municipal Bonds Payments

To secure the payment of the principal or Redemption Price of and interest on the Bonds, the Bank pledges and assigns for the benefit of the Holders of the Bonds and coupons all Municipal Bonds and Municipal Bonds Payments. The pledge of such Municipal Bonds and Municipal Bonds Payments for the benefit of the Holders of the Bonds and coupons shall be valid and binding from and after the date of adoption of the Resolution, and such Municipal Bonds and Municipal Bonds Payments shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Bank, irrespective of whether such parties have notice thereof.

CERTAIN OTHER COVENANTS

Among other covenants made by the Bank in the Resolution are those related to the following matters:

Accounts and Reports

(1) The Bank shall keep, or cause to be kept, proper books of record and account in which complete and correct entries shall be made of its transactions relating to all Municipal Bonds Payments, Municipal Bonds, the Fees and Charges and all Funds and Accounts established by the Resolution, which shall at all reasonable times be subject to the inspection of the Trustee, and the Holders of an aggregate of not less than five per centum (5%) in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

(2) The Bank shall annually, within sixty (60) days after the close of each Fiscal Year, file with the Trustee a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Certificate, setting forth in complete and reasonable detail: (a) its operations and accomplishments; (b) its receipts and expenditures during such Fiscal Year in accordance with the categories or classifications established by the Bank for its operating and capital outlay purposes; (c) its assets and liabilities at the end of such Fiscal Year, including a schedule of its Municipal Bonds Payments, Municipal Bonds, Fees and Charges and the status of reserve, special or other funds and the Funds and Accounts established by the Resolution; and (d) a schedule of its Outstanding Bonds and other obligations outstanding at the end of such Fiscal Year, together with a statement of the amounts paid, redeemed and issued during such Fiscal Year. A copy of each such annual report and Accountant's Certificate shall be mailed promptly thereafter by the Bank to each Bondholder who shall have filed his name and address with the Bank for such purpose.

Budgets

(1) The Bank shall, at least sixty (60) days prior to the beginning of each calendar year, prepare and file in the office of the Trustee a preliminary budget covering its fiscal operations for the succeeding calendar year which shall be open to inspection by any Bondholder. The Bank shall also prepare a summary of such preliminary budget and on or before forty-five (45) days prior to the beginning of each calendar year mail a copy thereof to any Bondholder who shall have filed his name and address with the Bank for such purpose.

(2) In the event the Holders of ten per centum (10%) or more in principal amount of the Outstanding Bonds shall file with the Bank thirty (30) days or more prior to the beginning of a calendar year a written request for a public hearing on such preliminary budget, the Bank shall call and hold such public hearing in the City of Montpelier, in the State of Vermont, such hearing to be held not later than fifteen (15) days prior to the beginning of such calendar year. Notice of such public hearing shall be published once in an Authorized Newspaper, not less than ten (10) days prior to the date of such hearing, and shall contain a statement of the purpose of the hearing and the place and hour at which the same will be held. At such hearing any Bondholder, or his duly authorized attorney or representative, shall be entitled to be heard on any of the provisions contained in such preliminary budget.

(3) The Bank shall adopt an annual budget covering its fiscal operations for the succeeding calendar year not later than December 1 of each year, commencing as of December 1, 1970 and file the same with the Trustee and with such officials of the State as required by the Act, as then amended, which budget shall be open to inspection by any Bondholder. In the event the Bank shall not adopt an annual budget for the succeeding calendar year on or before December 1, the budget for the preceding calendar year shall be deemed to have been adopted and be in effect for such calendar year until the annual budget for such calendar year shall have been adopted as above provided. The Bank may at any time adopt an amended annual budget in the manner provided in the Act as then amended.

Personnel and Servicing of Programs

(1) The Bank shall at all times appoint, retain and employ competent personnel for the purpose of carrying out its respective programs and shall establish and enforce reasonable rules, regulations, tests and standards governing the employment of such personnel at reasonable compensation, salaries, fees and charges and all persons employed by the Bank shall be qualified for their respective positions.

STATE
of ALASKA

MEMORANDUM

TO: Legislative Finance
Room 407
State Capitol

FROM: Eric E. Wohlforth
Commissioner
Department of Revenue

DATE: January 31, 1972

SUBJECT: Fiscal Note Request
House Bill 402

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The authority provides for five directors including the Commissioner of Revenue ex-officio. Under 44,58,060 the directors serve without compensation but are reimbursed for actual expenses. This would include per diem expense for meetings and travel expenses. Assuming six meetings during the first fiscal year of operation for four members equals \$4,800 travel expenses and 24 X \$35 per diem X 3 (days) = \$2,520.

In addition an executive director would be called for with staff.

I believe administrative expenses in the operation of the Bond Bank Authority could be initially funded by an appropriation of not to exceed \$35,000, as detailed in attached memorandum from Gerald S. Couzin, Fiscal Officer, Department of Revenue. Subsequent expenses could probably become part of cost of issuance of bonds of the authority.

There is attached hereto a section by section analysis of House Bill 402 prepared on April 13, 1971 that was furnished to the Honorable George H. Honman, Chairman, House Finance Committee, as well as a copy of the Governor's messages as reflected in the house journal at the time the bill was introduced on April 7, 1971.

It is noted that companion legislation of the bill provides for an appropriation to a debt reserve fund of \$15,000,000. As stated in the Governor's message this amount is truly a reserve and will not be required to be expended except to the extent necessary to provide amounts to pay debt service on bonds of the authority required by reason of default in the payment in bonds it has purchased. Thus in effect, the appropriation is not an "expenditure" appropriation, but, in effect, merely a segregation of amounts currently in the general fund as a reserve for this purpose. Such amounts would be invested in essentially the same manner as amounts currently in the general fund.

If additional information is required with respect to the bill, please call on me and I of course stand ready to testify at any time. I may also advise you that some minor technical amendments have been suggested, mostly in terms of correcting technical language and that such amendments are in the office of the Attorney General, hopefully for early submission to the Legislature.

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STATE
of ALASKA

MEMORANDUM

TO: [Eric E. Wehlforth, Commissioner
Department of Revenue

DATE: January 31, 1972

FROM: Gerald S. Couzin, Fiscal Officer
Administrative Services Division
Department of Revenue

SUBJECT: House Bill 402 - Cost

The following information was requested by Mr. Stevenson to be sent to your attention.

Personnel and Back-up Requirements	
State Investment Officer II, Range 22, 6 Months	\$11,927.00
Secretary II, Range 11, 6 Months	5,307.00
Total Personal Services	<u>\$17,234.00</u>
Travel Requirements of 4 Member Board	
Trip every 2 Months equals 6 Trips x 4 = 24 Trips	
Travel - 24 Trips x \$200 =	\$ 4,800.00
Per Diem - 24 x 3 = 72 Days x \$35 =	2,520.00
Total Travel and Per Diem	<u>\$ 7,320.00</u>
Contractual Services	
Communication - Telephone \$1,100, Printing \$800 =	\$ 1,900.00
New Employee - Moving Expense	1,500.00
Total	<u>\$ 3,400.00</u>
Commodities Required	\$ 600.00
Equipment Required for 2 Positions	
Desk, Executive - 2	\$ 390.00
Chair, Executive	150.00
Chair, Steno	60.00
Typewriter, IBM	500.00
Typewriter Stand	30.00
File Cabinet - 4 Drawer Legal	100.00
Bookcase	110.00
Calculator	900.00
Total Equipment	<u>\$ 2,240.00</u>
Total Funds Required - (rounded)	<u><u>\$30,800.00</u></u>

GSC: kas

STATE OF ALASKA

11B 402
WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER POUCH 5 — JUNEAU 99801

March 29, 1972

The Honorable George H. Hohman
Chairman, House Finance Committee
and
The Honorable Mike Miller
Chairman, House Local Government Committee
Alaska State Capitol
Juneau, Alaska 99801

Dear Sirs:

We respectfully request that you make the following amendments to
House Bill No. 402:

1. Page 3, line 1: Strike "conformation" and insert "confirmation."
2. Page 3, line 13: After the word "subscribe" insert the word "to."
3. Page 3, line 16: Strike the word "lieutenant."
4. Page 3, line 21: Strike the word "bank" and insert "bond bank authority."
5. Page 3, line 22: Following the sentence ending with the word "quorum," add the following sentence: "A quorum must always include the Commissioner of Revenue."
6. Page 3, line 23: Strike the word "bank" and insert the words "bond bank authority."
7. Page 3, line 24: Strike all material after the word "directors" through end of sentence in line 25 and insert a period after "directors" in line 24.
8. Page 4, line 2: After the first word "surety" insert the word "bond."
9. Page 4, lines 5 and 6: Strike the words "and approved by the attorney general."
10. Page 4, line 18: Strike the word "bank" and insert the words "bond bank authority."
11. Page 5, line 16: Strike the word "to."
12. Page 5, line 25: Strike the word "to."

13. Page 7, line 21: Strike the words "or for investment except" and insert the words "except for investment."
14. Page 8, line 28: Strike the word "bank" and insert the words "bond bank authority."
15. Page 9, lines 27 and 28: Strike the words "payable solely from revenues or funds pledged or available for their payment as authorized in this chapter" and insert the words "general obligations of the authority to which the full faith and credit of the authority are pledged to the payments thereof, except to the extent provided by the resolution authorizing the issuance thereof."
16. Page 10, line 19: Strike the word "proceedings" and insert the word "proceeding."
17. Page 10, line 28: Strike the word "INVESTMENT" and insert the word "INVESTMENTS."
18. Page 11, line 21: Add a comma after the word "authority."
19. Page 12, line 3: A new paragraph (1) to read "The purchase of municipal bonds;" and renumber succeeding paragraphs (1), (2), and (3) as (2), (3), and (4).
20. Page 13, line 15: Strike the word "bank" and insert the words "bond bank authority."
21. Page 14, line 27: After the final comma insert the words "and as to the."
22. Page 18, line 8: Strike the word "and."
23. Page 18, line 12: Strike the word "bank" and insert the words "bond bank authority."
24. Page 18, line 22: After the word "documentation" strike all language through line 26 and insert the words "required by the authority."
25. Page 19, line 25: Strike the word "bank" and insert the words "bond bank authority."
26. Page 19, line 29: Strike the period and add the following language to the end of the section: "for deposit in the reserve fund for reasons other than certification pursuant to this chapter."

27. Page 20, line 2: After the word "reserve" insert the words "as defined in (b) of this section."
28. Page 20, line 5: Strike through line 7 and insert new (d) as follows:
"(d) Money at any time in the reserve fund may be invested in the same manner and on the same conditions as permitted for investment of funds belonging to the state or held in the treasury pursuant to Section 37.10.070, provided that the authority may agree with the bond holders to further limit these investments."
29. Page 20, line 9: Strike the words "the par value."
30. Page 21, line 6: Strike all material beginning on line 6 through Page 22, line 16.
31. Pages 22 and 23, line 27: Strike all words beginning with "If" through Page 23, line 4.
32. Page 23, line 22: Strike the word "bank" and insert the words "bond bank authority."
33. Page 26, line 6: After the word "would" insert the word "not."
34. Page 27, line 22: Strike paragraphs (3) and (4) entirely. Insert new paragraph (3) to read:
"(3) "municipal bond" means a bond or note or evidence of debt which constitutes a direct and general obligation of a political subdivision of the state all the taxable property within which is subject to taxation to pay the bond, note or evidence of debt and the interest without limitation as to rate or amount."
35. Page 27, line 28: Strike "(5)" and insert "(4)."
36. Page 28, line 2: Strike "(6)" and insert "(5)."
37. Page 28, line 4: Strike "(7)" and insert "(6)."
38. Page 28, line 6: Strike the word "its."
39. Page 28, line 6: Strike the words "or notes."
40. Page 28, line 7: Strike "(8)" and insert "(7)."
41. Page 28, line 9: Strike "(9)" and insert "(8)."

Very truly yours,

Eric E. Wohlforth
Eric E. Wohlforth, Commissioner

MEMORANDUM

State of Alaska

TO: The Honorable George H. Hohman
Chairman, House Finance Committee
Alaska State Legislature

DATE : April 13, 1971

FROM: *Eric E. Wohlforth*
Eric E. Wohlforth, Commissioner
Department of Revenue

SUBJECT: Section by Section Analysis of
House Bill No. 402 - "An Act Relating
to a Municipal Bond Authority; and
Providing for an Effective Date."
and
HB 403 -\$15 Million Appropriation

Sections 44.58.010. Legislative Policy. This section sets forth the policy of the State underlying establishment of the authority which is essentially to assist political subdivisions of the State in marketing bonds and notes at favorable rates of interest and provide for the orderly financing of public improvements during periods of restricted credit or money supply and to assist municipalities not otherwise able to borrow for capital needs during those periods.

Sec. 44.58.020. Municipal Bond Bank Authority. This section establishes the authority as an instrumentality of the State within the Department of Revenue.

Sec. 44.58.030. Membership and Vacancies. This section provides for a five-man board of directors to be appointed by the Governor and serving at his pleasure, in addition to the Commissioner of Revenue serving ex-officio.

Sec. 44.58.040. Officers and Quorum. This section sets forth customary powers to elect a secretary and treasurer, as well as a chairman.

Sec. 44.58.050. Bonding of Members. Sec. 44.58.060. Compensation and Expenses, and Sec. 44.58.070 are customary provision providing for surety bonds, expenses of directors of the Authority, and permission to employ agents and employees. Sec. 44.58.080 prohibits officers, employees or agents of the Authority from having any interest in the contract for services on materials furnished or used by the Authority.

Sec. 44.58.090. Powers of the Authority. This section cites the powers of the Authority in the effectuation of its corporate purposes and includes the power in paragraph 15 to render services to a political subdivision in connection with sale of bonds and the power to charge fees for services rendered.

Sec. 44.58.100. Limitations. This section prohibits the Authority from lending money to other than a political corporation and expressly negatives any implication that the Authority is permitted to operate as a private bank or dealer in securities.

Sec. 44.58.110. Annual Report and Audit. An annual report of the Authority's activities to the Governor and the legislature is required prior to September 1 of each year to cover the preceding fiscal year.

Sec. 44.58.120. Annual Budget. The Authority is required to adopt an annual budget not later than January 1 of each year and to file the same with various State officials. This ~~time~~ is designed to coincide with the budget submission annually required by the Executive Department for the Legislature.

Sec. 44.58.130. Care and Custody of Bonds. The Authority under this section is permitted to enter into contracts and agreements with banking institutions for the safekeeping of its investments and for services in connection with payments of principal and interest.

Sec. 44.58.140. Effect of Obligations. This section expressly negatives any implication that the bonds of the Authority are obligations of the State or constitute a pledge of the faith and credit of the State. Subdivision (b) is an express pledge that the State will not restrict the rights vested in the Authority to purchase municipal bonds or to fulfill any of its contractual obligations.

Sec. 44.58.150. Negotiability of Bonds or Notes. This section provides that bonds and notes of the Authority are fully negotiable within the meaning of the Uniform Commercial Code of the State.

Sec. 44.58.160. Bonds or Notes as Legal Investment. This section makes bonds and notes of the Authority eligible as legal investments in the State of Alaska.

Sec. 44.58.170. Tax Exemption. This section provides that bonds issued by the Authority are exempt from Alaska income taxation and exempts all Authority property from State taxation or local government taxation.

Sec. 44.58.180. Loans to Political Subdivisions. This section contains the general authority of the Authority to lend its money to political subdivisions to purchase municipal bonds of political subdivisions. It empowers the Authority to issue bonds and notes payable from the revenues of the Authority.

Sec. 44.58.190. Issuance of Bonds and Notes. This section enables the Authority to issue bonds to provide funds to make municipal loans, to pay bonds or notes issued by it or to establish reserves necessary to secure or pay bonds or notes issued. Subdivision (b) of this section provides that the bonds of the Authority are general obligations which may be additionally secured by pledges of income or revenues from other sources. Subdivision (c) limits the total amount of Bond Bank Authority bonds and notes which may be outstanding in any one time except, refunding bonds and notes, to the total amount of \$100 million.

Sec. 44.58.200. Form of Issuance. This section provides the mechanics for authorization of bonds of the Authority which may be issued without interest limitation set by statute or maturity limitation.

Sec. 44.58.210. Sale Price. This section provides that bonds of the Bond Bank may be sold at public or private sale at such price as the Authority determines.

Sec. 44.58.220. Approval of Governor. This section requires approval by the Governor of any resolution providing for the issuance of bonds of the Authority and also provides, except for such approval, that the Authority to issue bonds not be subject to the consent of other departments, divisions, commissions, or agencies of the State.

Sec. 44.58.230. Payment or Refunding of Notes. This section permits the issuance of short term note obligations of the Authority for its corporate purposes.

Sec. 44.58.240. Terms of Agreement of the Bond or Note Holder. This section details the permitted contents of authority of the bond resolutions and the necessary pledges and covenants which such a resolution may contain in order to secure payment of the bonds or notes.

Sec. 44.58.250. Purchase and Disposition of All Obligations. This section permits the Authority to purchase its own bonds and notes at its discretion.

Sec. 44.58.260. Bond Anticipation Notes. This section permits the purchase by the Authority and the sale by political subdivision of bond anticipation notes which may mature, including renewals, within five years from the date of original issuance.

Sec. 44.58.270. Marketability and Certification. This section requires that all municipal bonds purchased by the Bond Bank Authority must be in fully marketable form and accompanied by all certification necessary in the municipal bond market.

Sec. 44.58.280. Presumption of Validity. This is an estoppel provision which provides that no person may question bonds of the Authority after issuance.

Sec. 44.58.290. Reserve Fund. The reserve fund established under this section is held solely for the payment of the bonds of the Authority. Monies in the fund may not be withdrawn except to pay the bonds if such withdrawal would reduce the fund to below the "required debt service reserve." This reserve is defined to be the greater of the amounts required to be on deposit by resolution of the Bond Bank Authority or the amount appropriated by the State for the purposes of the fund. House Bill 403 appropriates \$15,000,000 for this purpose. Subsequent subsections provide that monies may be withdrawn from the fund when they exceed the "required debt service reserve," that monies in the reserve fund may be invested as with general fund monies of the State, for valuation of its investments in the fund at the lower of par value, cost, or market value of the instruments. Subdivision (f) provides that no bonds be issued by the Authority unless the required debt service reserve is on deposit in the fund.

Subdivision (g) anticipates the possible reduction of the reserve by reason of the necessary payments to meet principal or interest of Authority bonds. This section states the intention of the Legislature to appropriate the sum necessary to meet the required debt service reserve which shall be appropriated and paid to the Authority during the fiscal year the request is made. The request

is made annually by the chairman on or before January 1 of each year. This is the "so-called make-up clause" which seemingly but does not in fact require an annual appropriation by the State. Since no legislature can bind another to make an appropriation the section or subdivision is basically a statement of legislative intent. Such statements of legislative intent have been held valid and not to create State debts elsewhere. (They have, however, accounted for the successful marketing of bonds of similar agencies in other states.)

Sec. 44.58.300. General Fund. This section provides for the deposit in the general fund of monies of the Authority not required to be held in the reserve fund and of all monies received in payment of principal or interest on bonds purchased by the Authority. The general fund would also be the fund from which operating expenses of the Authority would annually be paid.

Sec. 44.58.310. Additional Funds and Accounts. This section provides that monies paid into an account established or held for bonds shall be applied in accordance with the terms of the creation of the fund or account and expended only for the purposes for which the account was established.

Sec. 44.58.330. Rights of Holders Paramount. This section requires the Authority to schedule marketing of its bonds and the lending of its money to political subdivisions so that it does not jeopardize the rights of holders of any existing bonds.

Sec. 44.58.340. Default in Payment. This section provides that upon the default in payment of the bonds on application 25% of the holders a trustee may be appointed by judicial proceeding to represent such holders.

Sec. 44.58.350. Powers and Duties of Trustee on Default. This section delineates the powers of the trustee to act on behalf of the bond holders on default of Authority.

Sec. 44.58.360. Personal Liability. This section exculpates members of the Authority or persons executing the bonds from personal liability.

Sec. 44.58.370. Exemption from Execution and Sale. This section exempts from levy and sale the property of the Authority.

Sec. 44.58.380. Lien of Pledge. This section creates a pledge of revenues of the Authority which is binding from the time when made regardless of physical delivery of the funds pledged.

Sec. 44.58.390. Federal Insurance of Guaranty. This section permits the Authority to obtain from agencies of the United States any guaranty insurance for the payment of the bonds, in the event such insurance hereafter becomes available.

Sec. 44.58.400. Surety for Deposit by Bank. This section authorizes undertakings of sureties to safeguard deposits of the Authority funds in the bank.

Sec. 44.58.410. Expenses of Administration. This section provides that all expenses incurred to carry out the chapter are payable only from revenues of the Authority and prohibits the Authority from incurring indebtedness on behalf of the State.

Sec. 44.58.420. Cooperation by Government Agencies. This section directs other agencies of the State to assist the Authority in the achievement of its purposes.

Sec. 44.58.430. Definitions. This section sets forth the definitions of certain terms used elsewhere in the Act.

EEW:ge

Alaska State Legislature



file
HB 402

House of Representatives

April 14, 1971

George - as you are aware, the House Local Government Committee has considered House Bill 402 relative to establishing a State Bond Bank authority. This bill was passed out of the House Local Government Committee with a majority "Do Pass" recommendation.

I would like to note one "goof" on my part, however. The attached amendment relative to per diem expenses was passed unanimously by the Committee and in my haste to pass the bill out, I neglected to note this fact in my report. To clear up this oversight, I would appreciate it if your Committee would consider including the amendment in your final report and recommendation.


Mike

REPRESENTATIVE MIKE MILLER

COMMITTEES

CHAIRMAN, LOCAL GOVERNMENT COMMITTEE
MEMBER, RULES AND STATE AFFAIRS COMMITTEE

MEMORANDUM

TO : SAC, NEW YORK

FROM : SAC, NEW YORK
SUBJECT: [Illegible]

1. On 12-13-54, [Illegible] advised that [Illegible] had been [Illegible] in [Illegible] on [Illegible] 12-13-54.

2. [Illegible] advised that [Illegible] had been [Illegible] in [Illegible] on [Illegible] 12-13-54. [Illegible] advised that [Illegible] had been [Illegible] in [Illegible] on [Illegible] 12-13-54.

Introduced: 4/7/71
Referred: Local Government
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 402

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - FIRST 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
18 statutory interest rate or cost of borrowing limitations, to the
19 greatest extent possible to reduce costs of borrowed money to taxpayers
20 and residents of the state, and equally to encourage continued investor
21 interest in the purchase of bonds or notes of political subdivisions as
22 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
24 succession until its existence is terminated by law. The exercise by
25 the 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
2 commissioner of revenue is subject to conformation by the legislature.
3 The 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 the 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 an oath to perform
14 the duties of his office faithfully, impartially and justly to the best
15 of his ability. A record of the oath shall be filed in the office of
16 the lieutenant 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 bank are vested in the directors and three directors of the bond bank
22 authority shall constitute a quorum. Action may be taken and motions
23 and resolutions adopted by the bank at any meeting by the affirmative
24 vote of at least three directors, if one of them is the director ex
25 officio. No vacancy in the directorship of the bond bank authority may
26 impair the right of a quorum to exercise all the powers and perform all
27 the duties of the bond bank authority.

28 Sec. 44.58.050. BONDING OF MEMBERS. Before the issuance of any
29 bonds or notes under this chapter, each director shall execute a surety

1 bond in the penal sum of \$25,000 and the treasurer shall execute a
2 surety in the penal sum of \$50,000. Each surety bond shall be
3 conditioned upon the faithful performance of the duties of the office
4 of the director or treasurer, to be executed by a surety company
5 authorized to transact business in the State of Alaska as surety and
6 approved by the attorney general and filed in the office of the
7 lieutenant governor. After issuance of any bonds or notes by the
8 bond bank authority each director shall maintain his surety bond in
9 force. All costs of the surety bonds shall be borne by the bond bank
10 authority.

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

18 Sec. 44.58.070. STAFF. The bank may employ such officers,
19 agents and employees as it may require and determine their qualifica-
20 tions, 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 deemed 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
3 personnel whose services are purchased by the bond bank authority on
4 an independent 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 to 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 to do any and all things necessary, useful, desirable or
26 convenient in connection with procuring, accepting or disposing of
27 the 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 deems 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 deems 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
21 connection with a public or private sale of its municipal bonds, in-
22 cluding advisory and other services, and charge for services rendered;

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

28 (17) fix and establish terms and provisions with respect to
29 a purchase of municipal bonds by the bond bank authority, including

1 date and maturities of such bonds, provisions as to redemption or
2 payment before maturity, and any other matters which in connection with
3 the purchase are necessary, desirable or advisable in the judgment of
4 the bond bank authority;

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

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

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

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

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

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

27 (3) be or constitute a bank or trust company within the
28 jurisdiction or under the control of a regulatory or supervisory board
29 or department of the state or the Comptroller of the Currency of the

1 United States or the Department of the Treasury, or Federal Reserve
2 Board of the United States, or

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

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

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

28 (b) The bank may at any time adopt an amended annual budget for
29 the current fiscal year, but the amended annual budget may not

1 supersede any prior budget until the amended budget is approved by the
2 commissioner of revenue as reasonable and necessary, and filed as
3 required in the case of the annual budget.

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

21 Sec. 44.58.140. EFFECT OF OBLIGATIONS. (a) Bonds and notes
22 issued under this chapter are not a debt or liability of the state
23 and do not create or constitute an indebtedness, liability or
24 obligation of the state nor are they or do they constitute a pledge
25 of the faith and credit of the state. All bonds and notes, issued
26 under this chapter, unless funded or refunded by bonds or notes or
27 the bond bank authority, are payable solely from revenues or funds
28 pledged or available for their payment as authorized in this chapter.
29 Each bond and note must contain on its face a statement to the

1 effect that the bond bank authority is obligated to pay the principal
2 and interest on the instrument only from revenues or funds of the
3 bond bank authority and that the state is not obligated to pay the
4 principal or interest and that neither the faith and credit nor the
5 taxing power of the state is pledged to the payment of the principal
6 of or the 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 in-
18 stallments of interest, and all costs and expenses in connection with
19 any action or proceedings by or on behalf of the holders, are fully
20 met, 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
25 coupon appurtenant to it, by accepting the bond, note or coupon shall
26 be conclusively deemed 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 INVESTMENT. 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 shall deem necessary to provide funds for any purposes under this
2 chapter, including

3 (1) the making of loans;

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

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

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

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

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

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

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

10 Sec. 44.58.220. APPROVAL OF GOVERNOR. No resolution or other
11 action of the bond bank authority providing for the issuance of bonds
12 may be adopted or otherwise made effective without the prior approval
13 in writing of the governor. The powers conferred by this section on
14 the governor shall be exercised with due regard for the rights of the
15 holders of bonds of the bank at any time outstanding, and nothing in,
16 or done pursuant to, this section shall in any way limit, restrict or
17 alter the obligation or powers of the bond bank authority or any
18 director, officer or representative of the bond bank authority to carry
19 out and perform in every detail each and every covenant, agreement or
20 contract at any time made or entered into by or on behalf of the bond
21 bank authority with respect to its bonds or for the benefit, protection,
22 of security of the holders of the bonds. Except as provided in this
23 section, bonds and notes may be issued pursuant to this chapter without
24 the consent of any department, division, commission or agency of the
25 state, and without any other proceeding or the happening of any other
26 conditions or things than those specifically required by this
27 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
13 into existence, and the money derived from the revenues, and the
14 proceeds 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
27 their limitations, terms and conditions, and as to their custody,
28 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,
9 destroyed 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
16 charged, the amount to be raised each year or other period of time
17 by charges or other revenues and as to the use and disposition to be
18 made of the 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
21 operating expenses, payment or redemption of bonds or notes, reserves
22 or other purposes and as to the use and disposition of the money held
23 in those 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 notes
27 the holders of which must consent to amendment or abrogation, and the
28 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
2 disposition 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. 44.53.250. 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
29 purchase and the political subdivision may issue bond anticipation

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

15 Sec. 44.58.270. MARKETABILITY AND CERTIFICATION. All municipal
16 bonds or other investments of money of the bond bank authority
17 provided for under this chapter must at all times be purchased and
18 held in fully marketable form, subject to provision for any registra-
19 tion in the name of the bond bank authority. All municipal bonds at
20 any time purchased, held or owned by the bond bank authority must
21 upon delivery to the bond bank authority be accompanied by all
22 documentation customary in the municipal bond market, including
23 approving bond opinion, certification and guaranty as to signatures,
24 and certification as to absence of litigation, and such other or
25 further documentation as shall from time to time be required in the
26 municipal bond market.

27 Sec. 44.58.280. PRESUMPTION OF VALIDITY. After issuance, all
28 bonds or notes of the bond bank authority shall be conclusively
29 presumed to be fully authorized and issued by all the laws of the

1 state, and a person or political subdivision shall be estopped from
2 questioning their authorization, sale, issuance, execution or delivery
3 by the bond bank authority.

4 Sec. 44.58.290. RESERVE FUND. (a) The bond bank authority
5 shall establish and maintain a special fund called the "Alaska Municipal
6 Bond Bank Reserve Fund" in which there shall be deposited

7 (1) all money appropriated by the legislature for the
8 purpose of the fund;

9 (2) all proceeds of bonds required to be deposited in the
10 fund by terms of any contract between the bond bank authority and
11 its bondholders or any resolution of the bond bank authority with
12 respect to the proceeds of bonds; and

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

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

1 (c) Money in the reserve fund at any time in excess of the
2 required debt service reserve, whether by reason of investment or other-
3 wise, may be withdrawn at any time by the bond bank authority and
4 transferred to any other fund or account of the bond bank authority.

5 (d) Money at any time in the reserve fund may be invested in the
6 same manner as permitted for investment of funds belonging to the state
7 or held in the treasury.

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

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 re-
15 serve 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
21 of increasing the amount in the reserve fund to the required debt
22 service reserve, or to meet such higher or additional reserve as may
23 be fixed 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 Sec. 44.58.300. GENERAL FUND. (a) The bond bank authority shall
7 establish and maintain a fund called the "General Fund" in which there
8 shall be deposited

9 (1) fees received or charges made by the bank for use of its
10 services or facilities;

11 (2) any money which the bond bank authority shall transfer
12 to the general fund from the reserve fund pursuant to sec. 310(c) of
13 this chapter;

14 (3) money received by the bond bank authority as payments
15 of principal of or interest on municipal bonds purchased by the bond
16 bank authority, or received as proceeds of sale of any municipal bonds
17 or investment obligations of the bond bank authority, or received as
18 proceeds of sale of bonds or notes of the bond bank authority, and
19 required under the terms of any resolution of the bond bank authority
20 or contract with the holders of its bonds or notes to be deposited in
21 the fund;

22 (4) any money required under the terms of any resolution
23 of the bond bank authority or contract with the holders of its bonds
24 or notes to be deposited in the fund; and

25 (5) any money transferred to the fund from any other fund,
26 appropriated by the legislature for the purpose of the fund or made
27 available for the operating expenses of the bond bank authority.

28 (b) Money in the general fund may, subject to any contracts
29 between the bond bank authority and its bondholders or noteholders, be

1 transferred to the reserve fund, or if not so transferred, shall be
2 used for the payment of the principal of or interest on bonds or notes
3 of the bond bank authority when the principal and interest become due
4 and payment of any premium upon redemption prior to maturity. In
5 addition, money in the general fund may be used for the purchase of
6 municipal bonds and for all other purposes of the bond bank authority
7 including payment of its operating expenses.

8 (c) No amount may be paid out of the general fund or from any
9 account of the general fund for operating expenses of the bond bank
10 authority in any year in excess of the amount provided for the
11 operating expenses of the bank in the annual budget then in effect or
12 in any amendment of the budget in effect at the time of the payment.

13 (d) The bond bank authority may establish in the general fund
14 accounts, subaccounts or special accounts which in its opinion are
15 necessary, desirable or convenient for its purposes.

16 Sec. 44.58.310. ADDITIONAL FUNDS AND ACCOUNTS. The bond bank
17 authority may establish additional reserves or other funds or accounts
18 as may be, in its discretion, necessary, desirable, or convenient to
19 further the accomplishment of its purposes or to comply with the
20 provisions of any of its agreements or resolutions.

21 Sec. 44.58.320. APPLICATION OF FUNDS. Money or investments in
22 any fund or account of the bond bank authority established or held for
23 any bonds, notes, indebtedness or liability to be paid, funded or
24 refunded by issuance of bonds or notes shall, unless the resolution
25 authorizing the bonds or notes provides otherwise, be applied to the
26 payment or retirement of the bonds, notes, indebtedness or liability,
27 and to no other purpose. If in any fund or account there is money in
28 excess of the amount required for payment, funding or refunding, the
29 money may be removed from that fund or account but only to the extent

1 that the money or investments remaining in the fund or account are not
2 less than the outstanding bonds, notes, indebtedness or liability of
3 the bond bank authority to be paid, funded or refunded and for which
4 that fund or account was established or held.

5 Sec. 44.58.330. RIGHTS OF HOLDERS PARAMOUNT. In order to carry
6 out its purpose under this chapter of making loans to political sub-
7 divisions, by purchase of the municipal bonds of those political
8 subdivisions, and by receipt of its income from service charges and
9 from payments of interest on the maturing principal of municipal bonds
10 purchased and held by it, and in order to produce revenues or income to
11 the bond bank authority sufficient at all times to meet its costs and
12 expenses of operation under this chapter and to pay the principal of
13 and interest on its outstanding bonds and notes when due, the bond
14 bank authority must at all times, and to the greatest extent possible,
15 so plan to issue its bonds and notes and so lend money to political
16 subdivisions so that the purpose is achieved without in any way
17 jeopardizing any rights of the holders of bonds or notes of the bond
18 bank authority or affecting other matters under this chapter.

19 Sec. 44.58.340. DEFAULT IN PAYMENT. If the bond bank authority
20 defaults in the payment of principal or interest on any issue of notes
21 or bonds after they become due, whether at maturity or upon call for
22 redemption, and the default continues for 30 days, or if the bank
23 fails or refuses to comply with this chapter or defaults in any agree-
24 ment made with the holders of any issue of notes or bonds, the holders
25 of 25 per cent in the aggregate principal amount of the outstanding
26 notes or bonds of that issue, by instrument filed in the office of
27 the clerk of the district court of the first judicial district and
28 executed in the same manner as a deed to be recorded, may appoint a
29 trustee to represent the holders of those notes or bonds for the

1 purposes provided in this chapter.

2 Sec. 44.58.350. POWERS AND DUTIES OF TRUSTEE ON DEFAULT. (a)

3 A trustee appointed under sec. 340 of this chapter may, and shall in
4 his or its name, upon written request of the holders of 25 per cent
5 in principal amount of the outstanding notes or bonds

6 (1) by mandamus or other suit, action or proceeding at law
7 or in equity, enforce all rights of the noteholders or bondholders,
8 including the right to require the bond bank authority to collect rates,
9 charges and other fees and to collect interest and amortization payments
10 on municipal bonds and notes held by it adequate to carry out any
11 agreement as to, or pledge of, the rates, charges and other fees and
12 of the interest and amortization payments, and to require the bond bank
13 authority to carry out any other agreements with the holders of the
14 notes or bonds and to perform its duties under this chapter;

15 (2) bring suit upon the notes or bonds;

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

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

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

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

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

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

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

16 Sec. 44.58.380. LIEN OF PLEDGE. A pledge of revenues or other
17 money made by the bond bank authority is binding from the time when
18 the pledge is made. Revenues or other money so pledged and thereafter
19 received by the bond bank authority are immediately subject to the lien
20 of the pledge without any further act, and the lien of any pledge is
21 binding against all parties having claims of any kind in tort, contract
22 or otherwise against the bond bank authority, irrespective of whether
23 the parties have notice of the lien. Neither the resolution nor any
24 other instrument by which a pledge is created need be filed or recorded
25 except in the records of the bond bank authority.

26 Sec. 44.58.390. FEDERAL INSURANCE OR GUARANTY. The bond bank
27 authority may obtain from any department or agency of the United States
28 any available insurance or guaranty for the payment or repayment of
29 interest or principal, or both, or any part of interest or principal,

1 on any bonds or notes issued by the bond bank authority, or on any
2 municipal bonds of political subdivisions purchased or held by the
3 bond bank authority, and notwithstanding other provisions of this
4 chapter may enter into any agreement or contract with respect to any
5 insurance or guaranty except to the extent that the agreement or
6 contract would in any way impair or interfere with the ability of the
7 bond bank authority to perform and fulfill the terms of any agreement
8 made with the holders of the bonds or notes of the bond bank authority.

9 Sec. 44.58.400. SURETY FOR DEPOSITS BY BANK. All banks, trust
10 companies, savings banks, investment companies and other persons carry-
11 ing on a banking business are authorized to give to the bond bank
12 authority a good and sufficient undertaking with such sureties as shall
13 be approved by the bank to the effect that the bank or banking institu-
14 tion shall faithfully keep and pay over to the order of or upon the
15 warrant of the bond bank authority or its authorized agent all such
16 funds as may be deposited with it by the bank and agreed interest
17 under or by reason of this chapter, at such times or upon such demands
18 as may be agreed with the bank or in lieu of these sureties, deposit
19 with the bond bank authority or its authorized agent or any trustee or
20 for the holders of any bonds, as collateral, those securities as the
21 bond bank authority may approve. The deposits of the bond bank
22 authority may be evidenced by an agreement in that form and upon those
23 terms and conditions as may be agreed upon by the bond bank authority
24 and the depository bank or banking institution.

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

1 Sec. 44.58.420. COOPERATION BY GOVERNMENT AGENCIES. All officers,
2 departments, boards, agencies, divisions and commissions of the state
3 must render any services to the bond bank authority as are within the
4 area of their respective governmental functions and as may be requested
5 by the bond bank authority and must comply promptly with any reasonable
6 request by the bank relating to making of any study or review as to
7 desirability, need, cost or expense or financial feasibility with
8 respect to any public project, purpose or improvement, or the financial
9 or fiscal responsibility or ability of any political subdivision making
10 application for loan to the bond bank authority and for the purchase
11 by the bond bank authority of municipal bonds to be issued by that
12 political subdivision. The cost and expense of any services requested
13 by the bank shall, at the request of the officer, department, board,
14 agency, division or commission rendering the service, be paid by the
15 bond bank authority.

16 Sec. 44.58.430. DEFINITIONS. In this chapter, unless the context
17 clearly requires otherwise

18 (1) "bond bank authority" means the Alaska municipal bond
19 bank authority established by sec. 20 of this chapter;

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

22 (3) "general fund" means the fund established under sec. 300
23 of this chapter;

24 (4) "municipal bond" means a bond or note or evidence of
25 debt which a political subdivision may issue, but does not include any
26 bond or note or evidence of debt issued by any other state or any
27 public body or municipal corporation of any other state;

28 (5) "political subdivision" means a city or organized
29 borough, and also means a unified municipality organized pursuant to

1 AS 29.85;

2 (6) "notes" means any notes of the bond bank authority issued
3 under this chapter;

4 (7) "public body" means any public body corporate and politic
5 or any political subdivision of the state established under any law of
6 the state which may issue its municipal bonds or notes;

7 (8) "reserve fund" means the Alaska municipal bond bank
8 reserve fund established under sec. 290 of this chapter; and

9 (9) "revenues" means all fees, charges, money, profits,
10 payments of principal of or interest on municipal bonds and other
11 investments, gifts, grants, contributions, appropriations and all
12 other income derived or to be derived by the bond bank authority under
13 this chapter.

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

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

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/27/72
Referred: Rules

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 402

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH 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
18 statutory interest rate or cost of borrowing limitations, to the
19 greatest extent possible to reduce costs of borrowed money to taxpayers
20 and residents of the state, and equally to encourage continued investor
21 interest in the purchase of bonds or notes of political subdivisions as
22 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
24 succession until its existence is terminated by law. The exercise by
25 the 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
2 commissioner of revenue is subject to confirmation by the legislature.
3 The 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 the 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 best
15 of his ability. A record of the oath shall be filed in the office of
16 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 quorum
27 to exercise all the powers and perform all the duties of the bond bank
28 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
10 borne 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
13 bank authority shall reimburse its directors for actual expenses neces-
14 sarily incurred in the discharge of their duties. Notwithstanding any
15 other law, an officer or employee of the state shall not be considered
16 to forfeit his office or employment or any benefits by reason of his
17 acceptance 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
3 personnel whose services are purchased by the bond bank authority on
4 an independent 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 monies;
- 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
27 the 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 deems 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 deems 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
21 connection with a public or private sale of its municipal bonds, in-
22 cluding advisory and other services, and charge for services rendered;

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

28 (17) fix and establish terms and provisions with respect to
29 a purchase of municipal bonds by the bond bank authority, including

1 date and maturities of such bonds, provisions as to redemption or
2 payment before maturity, and any other matters which in connection with
3 the purchase are necessary, desirable or advisable in the judgment of
4 the bond bank authority;

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

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

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

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

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

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

27 (3) be or constitute a bank or trust company within the
28 jurisdiction or under the control of a regulatory or supervisory board
29 or department of the state or the Comptroller of the Currency of the

1 United States or the Department of the Treasury, or Federal Reserve
2 Board of the United States, or

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

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

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

28 (b) The bond bank authority may at any time adopt an amended annual bud-
29 get for the current fiscal year, but the amended annual budget may not

1 supersede any prior budget until the amended budget is approved by the
2 commissioner of revenue as reasonable and necessary, and filed as
3 required in the case of the annual budget.

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

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

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

8 (b) The state pledges to and agrees with the holders of the bonds
9 or notes issued under this chapter, that the state will not limit or re-
10 strict the rights vested in the bond bank authority to purchase, acquire,
11 hold, sell or dispose of municipal bonds or other investments or to make
12 loans to political subdivisions or to establish and collect fees or other
13 charges convenient or necessary to produce sufficient revenues to meet
14 the expenses of operation of the bond bank authority and to fulfill the
15 terms of any agreement made with the holders of its bonds or notes or in
16 any way impair the rights or remedies of the holders of the bonds or
17 notes until the bonds and notes, together with the interest on the bonds
18 and notes, and interest on any unpaid installments of interest, and all
19 costs and expenses in connection with any action or proceeding by or on
20 behalf of the holders, are fully met, 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
25 coupon appurtenant to it, by accepting the bond, note or coupon shall
26 be conclusively deemed 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 shall consider 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 bank
27 authority shall be authorized by resolution of the bond bank authority
28 and may be issued in one or more series and shall bear the date or dates,
29 mature at the time or times, bear interest at the rate or rates of

1 interest per annum or within such maximum rate, be in the denomination
2 or denominations, be in the form, either coupon or registered, carry the
3 conversion or registration privileges, have the rank or priority, be
4 executed in the manner, be payable from the sources in the medium of
5 payment at the place or places within or without the state, and be sub-
6 ject to the terms of redemption, with or without premium, as the resolu-
7 tion 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 action
12 of the bond bank authority providing for the issuance of bonds may be
13 adopted or otherwise made effective without the prior approval in writing
14 of the governor. The powers conferred by this section on the governor
15 shall be exercised with due regard for the rights of the holders of bonds
16 of the bond bank authority at any time outstanding, and nothing in, or
17 done pursuant to, this section shall in any way limit, restrict or alter
18 the obligation or powers of the bond bank authority or any director,
19 officer or representative of the bond bank authority to carry out and
20 perform in every detail each and every covenant, agreement or contract
21 at any time made or entered into by or on behalf of the bond bank author-
22 ity with respect to its bonds or for the benefit, protection, or security
23 of the holders of the bonds. Except as provided in this section, bonds
24 and notes may be issued pursuant to this chapter without the consent of
25 any department, division, commission or agency of the state, and without
26 any other proceeding or the happening of any other conditions or things
27 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
13 into existence, and the money derived from the revenues, and the
14 proceeds 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 the
28 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,
9 destroyed 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
16 charged, the amount to be raised each year or other period of time
17 by charges or other revenues and as to the use and disposition to be
18 made of the 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
21 operating expenses, payment or redemption of bonds or notes, reserves
22 or other purposes and as to the use and disposition of the money held
23 in those 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 notes
27 the holders of which must consent to amendment or abrogation, and the
28 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
2 disposition 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
29 purchase and the political subdivision may issue bond anticipation

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

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

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

29 Sec. 44.58.290. RESERVE FUND. (a) The bond bank authority shall

1 establish and maintain a special fund called the "Alaska Municipal Bond
2 Bank Reserve Fund" in which there shall be deposited

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

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

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

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

27 (c) Money in the reserve fund at any time in excess of the
28 required debt service reserve as defined in (b) of this section,
29 whether by reason of investment or otherwise, may be withdrawn at any

1 time by the bond bank authority and transferred to any other fund or
2 account of the bond bank authority.

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

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

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

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

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

7 (h) The income in the reserve fund produced by any state contribu-
8 tion to the fund is to be placed in the general fund.

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

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

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

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

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

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

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

1 the notes or bonds and to perform its duties under this chapter;

2 (2) bring suit upon the notes or bonds;

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

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

9 (5) declare all the notes or bonds due and payable, and if
10 all defaults are made good, then with the consent of the holders of
11 25 per cent of the principal amount of the outstanding notes or bonds,
12 annul the declaration and its consequences;

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

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

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

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

1 to pursue a remedy for the enforcement of a pledge or lien given by
2 the bond bank authority on its revenues or other money.

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

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

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

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

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

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

1 by the bank shall, at the request of the officer, department, board,
2 agency, division or commission rendering the service, be paid by the
3 bond bank authority.

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

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

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

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

15 (4) "political subdivision" means a city or organized
16 borough, and also means a unified municipality organized pursuant to
17 AS 29.85;

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

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

23 (7) "re serve fund" means the Alaska Municipal Bond Bank
24 Reserve Fund established under sec. 290 of this chapter; and

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

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

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

As Act relative to Administration of Schools; and providing for the
1957-1958

Committee Report

HOUSE OF REPRESENTATIVES

_____ Date

Mr. Speaker:

The Committee on _____ has had _____
under consideration. A majority of the members of the Committee

recommends it do pass

recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for _____ and that
CS for _____ do pass

(and) recommends it be referred to the _____
committee

reports it back without recommendation

(other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ CHAIRMAN

HOUSE JOURNAL

FINANCE COMMITTEE REPORT

ON

COMMITTEE SUBSTITUTE FOR HOUSE BILL 402

The Committee Substitute incorporates amendments prepared by the Department of Revenue to the bill as originally introduced. The amendments were mainly "clean up" in nature. The main purpose of the bill is to assist political subdivisions in marketing bonds at favorable rates of interest and to provide a vehicle for financing public improvements during periods of "tight" or otherwise unfavorable money supply.

Enclosed with this brief report is a section by section analysis of the bill prepared by the Department of Revenue.

GEORGE HOHMAN
Chairman

Enc.



Alaska State Legislature
Senate

JUNEAU ALASKA

TO: Mr. George Hohman, Chairman
House Finance Committee

FROM: Rich Guthrie
Senate Fiscal Analyst

SUBJECT: Fiscal Note Request

DATE: 5/22

The following House bills are now in the Senate Finance Committee for consideration:

<u>Bill No.</u>	<u>Title</u>
-----------------	--------------

HB 402

The Senate Finance Committee would appreciate receiving eight copies of the fiscal note and other pertinent materials that will assist them as they consider these bills.



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James D. Smith
Signature of Camera Operator

4/4/89
Date

STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 -- JUNEAU 99801

May 19, 1972

The Honorable John Butrovich, Chairman
Senate Finance Committee
State Capitol
Juneau, Alaska 99801

Re: CS for HB 402 and HB 403

Dear Senator Butrovich:

As the above bills may soon be referred to your Committee I would like to take the liberty of making some explanatory comments.

I realize the lateness of the hour for legislative deliberation but I believe this legislation could be of real benefit to Alaska political subdivisions. The bills have been very much reduced in scope from those introduced two sessions ago. They do not involve any pledge of the State's credit nor direct expenditure of State funds. The appropriation bill (HB403) is essentially a back-up pledge which would not be available for bond purchases. The Authority would issue its own bonds which would be secured by the local government bonds it purchases. Bonds purchased by the Authority would have to be bonds which would be otherwise marketable by political subdivisions. In other words, no local government bonds would be purchased unless the Authority, on advice from its underwriters, was satisfied that the bonds would be saleable to the general market.

Essentially the aims of the bills are to reduce interest costs on bonds of smaller political subdivisions with limited borrowing history and to reduce borrowing expenses necessitated by the preparation of the elaborate prospectuses, etc.

Question may arise on the provision that the State make up the difference in annual Authority income and expenses. This is merely a statement of legislative intent not binding on future legislatures. Inclusion of this language is considered by underwriters, however, as essential to the marketing of Authority bonds. Other states passing such legislation have included similar provisions.

For your information I take the liberty of enclosing the following material which has been submitted to the House Finance and House Local Government Committees:

✓ 1. Copy of the Governor's message which accompanied introduction of the bill on April 7, 1971 as reported in the House Journal. *(attached)*

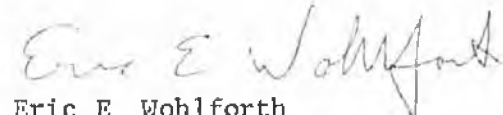
May 19, 1972

2. Copy of the Section by Section analysis of House Bill 402, also as reported in the House Journal. *(See other information) in file folder)*
- ✓ 3. Copy of the report on the Municipal Finance Study Group of the Graduate School of Public Finance, State University of New York, Albany, as reported in the Daily Bond Buyer, February 22, 1971. *(attached)*
4. Copy of the Official Statement of the \$46,000,000 Vermont Municipal Bond Bank issue. *(1 office copy available)*
- ✓ 5. Information as to the states which have passed similar legislation. *(attached)*

Please call on me if you have any other questions regarding House Bills 402 and 403.

I should point out that the floor amendment adopted in the House provided that the earnings on the \$15,000,000 reserve fund be transferred back to the general fund.

Very truly yours,



Eric E Wohlforth
Commissioner

EEW:ge
Enclosures

Relating to the construction and operation of a hospital at Fountain Village, Alaska

HB
71

was introduced, read the first time and referred to the Committee on State Affairs.

INTRODUCTION, FIRST READING AND REFERENCE
OF HOUSE BILLS

HOUSE BILL NO. 400 by Huber, Barber, Bradner, Dogman, Ditman, Ferguson, Elnk, Fischer, Guss, Harris, Naugen, Helm, Kerttula, McGill, McVeigh, Roland, M. Miller, Moore, Moran, Morris, Sawburn, Randolph, Rose, Speeking and Swanson, entitled:

HB
400

"An Act relating to the use of studded tires and chains on motor vehicles."

was introduced, read the first time and referred to the Committees on State Affairs and Judiciary.

HOUSE BILL NO. 401 by the Commerce Committee, entitled:

HB
401

"An Act relating to business license taxes; and providing for an effective date."

was introduced and read the first time with the following Commerce Committee report:

The Commerce Committee has had HOUSE BILL NO. 401 under consideration and a majority of the members of the Committee recommends it do pass. The report was signed by Mr. Kerttula, Chairman, and concurred in by Kerttula, Harris, Hillstrand, Randolph, Fischer, Peratrovich and Bowman.

HOUSE BILL NO. 401 was referred to the Local Government Committee.

HOUSE BILL NO. 402 by the Rules Committee by request of the Governor, entitled:

HB
402

"An Act relating to a municipal bond bank authority; and providing for an effective date."

was introduced, read the first time and referred to the Committee on Local Government and Finance.

The Speaker stated that without objection, the reading of the Governor's covering letters on HOUSE BILL NO. 402 and all subsequent bills would be waived and they would be printed in the Journal. There being no objection, the letters appear following the bills to which each pertains.