

Leg. Finance - House & Senate Finance Comte Files (1975-76) 355

SSHB 70 cont. ; HB 72

1	Rural Affairs Commission	19,000	19,000	
2	Local Government Assistance	450,300	430,300	20,000
3	Local Boundary Commission	82,700	82,700	
4	Local Planning Assistance	688,600	398,600	290,000
5	Organizationa Grants	58,000	58,000	
6	Agricultural Land Exemption	196,000	196,000	
7	Revenue Sharing	14,113,900	14,113,900	
8	National Forest Receipts	399,100	399,100	
9	Administration	325,500	325,500	
10	Rural Development			
11	Grants	744,000		
12	Rural Development			
13	Assistance Admini-			
14	stration	153,700		
15	Subtotal	897,700	897,700	
16	State Bond Committee			
17	Debt Service	893,800	893,800	
18	Category Fund Sources			
19	General Fund	32,122,300		
20	Federal Program Receipts	290,000		
21	Program Receipts	202,800		
22	Veterans' Revolving Loan			
23	Fund	754,500		
24	Agricultural Revolving			
25	Loan Fund	92,700		
26	Special Surplus Property			
27	Revolving Fund Reserve			
28	Account	187,500		
29	Interagency Receipts	310,000		

1	Total Funding -- Development		33,959,800		
2			TRANSPORTATION		
3	Department of Public Works				
4	Marine Transportation				
5	Southeast Vessel				
6	Operations	21,912,500			
7	Southeast Shore				
8	Facilities	1,149,400			
9	Southwest Vessel				
10	Operations	3,995,700			
11	Southwest Shore				
12	Facilities	263,500			
13	Aleutian Island				
14	Subsidy	35,000			
15	Advertising and				
16	Promotion	105,000			
17	Administration	1,565,100			
18	Subtotal		29,026,200	28,974,700	51,500
19	Anchorage International Airport				
20	Field Maintenance	2,671,600			
21	Building Maintenance	868,400			
22	Security	1,869,000			
23	Custodial	799,000			
24	Administration	690,300			
25	Subtotal		6,898,300		6,898,300
26	Fairbanks International Airport				
27	Field Maintenance	781,200			
28	Building Maintenance	693,400			
29	Security	1,372,100			

1	Custodial	208,700			
2	Administration	323,900			
3	Pipeline Impact	220,000			
4	Subtotal		3,599,300		3,599,300
5	Trunk & Secondary Airports				
6	Regional Operations	6,117,000			
7	Administration	576,800			
8	Pipeline Impact	349,700			
9	Subtotal		7,043,500	6,664,200	379,300
10	Aviation Administration				
11	Engineering				
12	Chief Engineer	107,800			
13	Planning	120,700			
14	Design	161,800			
15	Construction	136,800			
16	Subtotal		527,100	241,100	286,000
17	Administration and				
18	Support				
19	Administration	722,400			
20	Lands & Leasing	251,300			
21	Subtotal		973,700	320,600	653,100
22	Administration				
23	Office of the				
24	Commissioner	246,300			
25	Administration	627,400			
26	Subtotal		873,700	793,700	80,000
27	Department of Highways				
28	Administration and Support				
29	Central District	1,174,900			

1	Interior District	1,222,300			
2	Southeast District	636,900			
3	Western District	237,700			
4	Southcentral District	689,700			
5	Headquarters and				
6	Laboratory	2,919,400			
7	Subtotal		6,880,900	6,614,900	266,000
8	Maintenance				
9	Central District	10,549,700			
10	Interior District	7,572,800			
11	Southeast District	4,040,900			
12	Western District	1,273,900			
13	Southcentral				
14	District	4,536,000			
15	Overweight/				
16	Oversize Permits	221,400			
17	Contingency				
18	Reserve*	886,000			
19	Subtotal		29,080,700	27,397,300	1,683,400
20	* The allocation for the highway maintenance contingency reserve does not				
21	lapse into the general fund until August 31, 1976.				
22	State Bond Committee				
23	Debt Service		18,687,800	15,911,400	2,776,400
24	Category Fund Sources				
25	General Fund		86,917,900		
26	Program Receipts		1,558,200		
27	International Airport				
28	Revenue Fund		14,173,100		
29	Interagency Receipts		942,000		

1	Total Funding -- Transportation	103,591,200		
2				
			GENERAL GOVERNMENT	
3	Office of the Governor			
4	Executive Office	1,329,100	1,329,100	
5	Executive Mansion	82,000	82,000	
6	Contingency Fund**	250,000	250,000	
7	State Equal Employment Office	122,500	122,500	
8	Lieutenant Governor	308,600	308,600	
9	Policy Development & Planning	3,112,500	1,518,500	1,594,000
10	Telecommunications	255,000	255,000	
11	Election Campaign Committee	141,100	141,100	
12	Elections	394,000	394,000	
13	** This appropriation may be used to pay obligations for any agency and			
14	time period.			
15	Department of Administration			
16	Executive Administration			
17	Office of the			
18	Commissioner	1,979,600		
19	Internal Audit	296,800		
20	Administrative			
21	Services	181,300		
22	Budget and			
23	Management	500,300		
24	Subtotal	2,958,000	2,927,800	30,200
25	Personnel			
26	Personnel Manage-			
27	ment	1,227,200		
28	Employee Relations			
29	& Negotiations	270,600		

1	Subtotal		1,497,800	1,497,800	
2	Accounting				
3	Pre-Audit	192,100			
4	Accounting Services	213,900			
5	Payroll	426,600			
6	Administration	162,400			
7	Subtotal		995,000	995,000	
8	General Services				
9	Purchasing	630,200			
10	Risk Management	135,500			
11	Central Mail and				
12	Switchboard	239,500			
13	Central Duplicating	270,100			
14	Property Control	120,200			
15	Archives and Records	552,200			
16	Leasing and				
17	Facilities	46,600			
18	Subtotal		1,994,300	1,518,400	475,900
19	Data Processing				
20	Administration				
21	Support	532,500			
22	Operating Agency				
23	Support	2,045,300			
24	Administration	380,100			
25	Telecommunications				
26	Network	195,400			
27	Subtotal		3,153,300	2,771,600	381,700
28	Labor Relations Agency		79,800	79,800	
29	Retirement & Benefits				

1	Public Employees'			
2	System	286,500		
3	Teachers' System	284,600		
4	Employee Health			
5	Insurance	44,600		
6	Territorial			
7	Employees'	7,800		
8	Deferred Compensation	21,100		
9	FICA	54,300		
10	Subtotal	698,900	73,500	625,400
11	Department of Law			
12	Legal Services	2,488,800	1,651,900	836,900
13	Legal Services Pipeline	102,300	66,300	36,000
14	Department of Revenue			
15	Individual & Business			
16	Taxes	1,216,600		
17	Audit Pipeline	184,000		
18	Excise Taxes	360,100		
19	Delinquent Tax			
20	Collection	687,700		
21	Collections Pipeline	55,600		
22	Border Station/Tok	268,300		
23	Property Tax	559,300		
24	Subtotal	3,331,600	3,331,600	
25	Treasury Management	851,900	596,700	255,200
26	Administration and Support			
27	Office of the			
28	Commissioner	161,200		
29	Administrative			

1	Services	785,000		
2	Subtotal		946,200	946,200
3	Department of Education			
4	Blue Book		7,000	7,000
5	Department of Health and			
6	Social Services			
7	Vital Statistics		199,900	199,900
8	Department of Public Safety			
9	Building Security		141,100	141,100
10	Department of Public Works			
11	Planning and Design		281,600	221,600
12	Construction Inspection		205,500	150,000
13	Maintenance & Operations		5,524,400	2,901,600
14	Administration		234,200	234,200
15	Communications			
16	Teletype Operations	52,800		
17	Support to State			
18	Agencies	648,300		
19	Administration	235,200		
20	Communications			
21	Pipeline	141,300		
22	Subtotal		1,077,600	1,077,600
23	Department of Highways			
24	Working Capital Fund			
25	Central District	4,093,100		
26	Interior District	3,410,800		
27	Southeast District	1,156,400		
28	Western District	530,700		
29	Southcentral			

1	District	1,994,300		
2	Administration	7,693,300		
3	Subtotal		18,978,600	18,978,600
4	Legislature			
5	Legislative Affairs		2,814,400	2,814,400
6	Budget & Audit Committee			
7	Legislative Audit	850,100		
8	Legislative Finance	263,200		
9	Committee Expenses	50,000		
10	Subtotal		1,163,300	1,026,400
11	Category Fund Sources			136,900
12	General Fund		29,631,200	
13	Federal Program Receipts		1,594,000	
14	Program Receipts		70,300	
15	Public Employees' Retirement			
16	System Fund		428,000	
17	Teachers' Retirement System			
18	Fund		426,100	
19	Highway Working Capital			
20	Fund		18,978,600	
21	FICA Administration Fund			
22	Reserve Account		56,700	
23	Interagency Receipts		4,535,400	
24	Total Funding -- General			
25	Government		55,720,300	
26	Total Operating Budget		717,092,100	

27 * Sec. 16. The following appropriation items are for capital projects
28 and are effective on the day after passage and approval of this Act or on
29 the day it becomes law without approval. The allocations are to be

1 considered legislative guidelines.

2 EDUCATION

3 Department of Education

4	Nome-Beltz Roof Replacement	\$ 238,200	
5	Library Media Center	700,000	
6	Library Acquisition Fund for		
7	Rare Items	10,000	
8	Community Library Construction		
9	Grants (Fed.)		110,000
10	Acquisition of Museum Artifacts	25,000	
11	Anchorage FM Radio Station	40,000	
12	Kotzebue Radio Fire Protection	7,000	
13	Bethel Radio Fire Protection	26,000	
14	Dillingham Radio Fire Protection	7,000	
15	Television Time-Base Corrector	15,000	

16 State-Operated Schools

17	Automotive Equipment, Mobile Homes	70,000	
18	Copper Center Fencing	8,000	

19 University of Alaska

20	Equipment for Fairbanks Campus	50,000	
21	Library Books, Instructional		
22	Materials for Anchorage Campus	50,000	
23	Kodiak Community College Parking	30,000	
24	Sewer Assessments and Connections,		
25	Auke Lake Campus	35,000	
26	Library Books, Instructional Materials,		
27	Auke Lake	25,000	
28	Vocational Education Equipment, Auke Lake	150,000	
29	Ketchikan Community College Building		

1	Repairs	15,000	
2			
			SOCIAL SERVICES
3	Department of Education		
4	Skill Center Fence and Storage Shed	60,000	
5	Department of Health and Social Services		
6	Fairbanks Office Building Walls		
7	(Federal)	14,100	8,800
8			
			HEALTH
9	Department of Health & Social Services		
10	Modular Homes, Glennallen	30,000	
11	Fire Safety Improvements, Harborview	100,000	
12	Alaska Psychiatric Institute Sprinkler		
13	System	230,500	
14	Kitchen, Laundry Equipment, Alaska		
15	Psychiatric Institute	23,000	
16			
			NATURAL RESOURCE MANAGEMENT AND
17			ENVIRONMENTAL CONSERVATION
18	Department of Natural Resources		
19	Special Assessments to State-Owned Lands	540,600	
20	Merrill Field Subdivision Development		
21	(MFRA)		506,700
22	Department of Fish and Game		
23	Fire Lake Outlet Control	30,000	
24	Fire Lake Water Purification	35,000	
25	Harris Harbor Floats	30,000	
26	Frazer River Fish Ladder Design	25,000	
27	Fort Richardson Well Field	150,000	
28	Fish Transport Unit	70,000	
29	Incubation Buildings, Crooked Creek	75,000	

1	Side-Scanning Sonar	30,000	
2	Land Acquisition, Matanuska Lake (Federal)	10,000	10,000
3	Incubation Buildings, Big Lake	129,000	
4	Stand-by Generator, Crystal Lake	73,600	
5	Snettisham Production Feasibility Study	20,000	
6	Radar, Diesel Engine Replacement	41,600	
7	Department of Public Safety		
8	Patrol Vessel Purchase	375,000	
9	Department of Environmental Conservation		
10	Village Safe Water Projects	1,000,000	
11	PUBLIC PROTECTION		
12	Department of Military Affairs		
13	Armory Master Plan	15,000	
14	Anchorage Armory Design	242,600	
15	ADMINISTRATION OF JUSTICE		
16	Department of Health and Social Services		
17	Smoke Detection System, Anchorage	25,600	
18	Juneau State Jail Fencing	39,700	
19	Court System		
20	New Court Building, Barrow	995,500	
21	New Court Building, Bethel	954,800	
22	Remodel Old Anchorage Court Building	244,900	
23	Improvements to New Anchorage Court		
24	Building	26,600	
25	Electronic Recording Equipment	47,600	
26	Storage Addition, Bethel	97,000	
27	Juneau Court Building Plaza	130,000	
28	Site Work, Valdez Court Building	96,000	
29	DEVELOPMENT		

1	Office of the Governor		
2	Tourism Impact Study		175,000
3	Department of Natural Resources		
4	Plant Materials Center		160,000
5	Laboratory, Office Building	140,000	
6	Dump Truck Purchase	17,000	
7	Well Drilling	3,000	
8	Department of Public Works		
9	Waters and Harbors Projects		1,253,000 (WCFT)
10	Remote Village Radio Equipment		25,000
11		TRANSPORTATION	
12	Department of Public Works		
13	Replace Ferry Car Decks		500,000
14	Saltwater Sanitary Lines		100,000
15	Dishwasher Purchase		50,000
16	Engine Room Soundproofing		140,000
17	Dining Room Conversions		100,000
18	Base Radio Station		30,000
19	Auke Bay Terminal Improvements		200,000
20	Water Storage Facility	50,000	
21	Sewage Treatment Facility	150,000	
22	Tractor Purchase		24,000
23	Dock Fender Repairs, Haines		100,000
24	Anchorage Airport Loading Bridges		
25	(R.F.)		1,460,000
26	International Airports Supplementary Appro-		
27	priation (R.F. 1,007,500 Fed. 1,148,500)		2,156,000
28	Sewer Outfall, Anchorage (R.F.)		1,300,000
29	Sewer Lines, Lake Hood (R.F.)		200,000

1	Cargo Area Improvements, Fairbanks (Fed.)	771,600
2	Fire/Rescue Vehicle, Fairbanks (Fed.)	160,000
3	Maintenance Equipment, Anchorage (R.F.)	486,000
4	Security & Fire Equipment, Anchorage (Fed.)	240,000

5 Department of Highways

6	Maintenance Station, Bethel	350,000
7	Maintenance Station, Wrangell	150,000
8	Roof Repairs	40,000
9	Overhead Crane, Valdez	10,000
10	Power Transformer, Anchorage	20,000
11	Cold Storage Buildings	230,000
12	Security Fencing	100,000
13	Trailer Pads	50,000
14	Maintenance Equipment	634,000

15 GENERAL GOVERNMENT

16 Department of Administration

17	Data Processing Fire Protection	40,000
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18 Department of Public Works

19	Buildings Projects	693,300
20	Boiler Replacement	20,000
21	Roof Repairs	100,000
22	Juneau State Office Building	
23	Partitions	25,000
24	Painting State Facilities	60,000
25	Fish and Game Building,	
26	Juneau	100,000
27	Painting Governors Mansion	17,000
28	Capitol Building Remodeling	200,000
29	Juneau Community Building	

1	Renovation	26,000	
2	Juneau Records Center		
3	Site Work	28,000	
4	Juneau Division of Buildings		
5	Site Work	35,000	
6	Kodiak Griffin Building		
7	Renovation	20,000	
8	Juneau State Office Building		
9	Control Refinements	32,300	
10	Sitka Pioneers Home Fire Alarm	30,000	
11	Communications Equipment		
12	Purchases	1,746,500	
13	Department of Highways		
14	Equipment Purchases (Hwy. Working		
15	Capital)		7,300,000
16	Capital Budget Fund Sources		
17	General Fund	14,429,700	
18	Federal Program Receipts	2,448,900	
19	Highway Working Capital Fund	7,300,000	
20	Merrill Field Subdivision Reserve Account	506,700	
21	International Airport Revenue Fund	4,453,500	
22			
23			\$29,138,800

24 * Sec. 17. This Act takes effect immediately in accordance with AS 01.-
25 10.070(c).
26
27
28
29



RECORDS CERTIFICATION



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James A. Smith
Signature of Camera Operator

11/31/90
Date

"An Act creating the Alaska Municipal Bond Bank Authority and prescribing its organization, powers and duties; and providing for an effective date."

COMMITTEE REPORT

2/26/75

HOUSE

Mr. Speaker:

Date April 8, 1975

The Committee on FINANCE has had HR 72

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)

(X) recommends it BE REPLACED WITH CS FOR HR 72 AND THAT
CS FOR HR 72 DO PASS *BE REFERRED BANK WITH RECOMMENDATION*

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>No Rec</u>
<u>[Signature]</u>	<u>No recommendation</u>
<u>[Signature]</u>	<u>No Rec</u>
<u>[Signature]</u>	<u>No Rec</u>
<u>[Signature]</u>	<u>NO RECOMMENDATION</u>

Members NOT concurring in the Majority report:

_____	recommends:	
<u>[Signature]</u>	recommends:	<u>do pass</u>
<u>[Signature]</u>	recommends:	<u>no recommendation</u>
_____	recommends:	<u>[Signature]</u>
_____	recommends:	

[Signature] Chairman

"An Act creating the Alaska Municipal Bond Bank Authority and prescribing its organization, powers and duties; and providing for an effective date."

1/24/75

COMMITTEE REPORT

FINANCE

HOUSE

Mr. Speaker:

Date 2-25-75

The Committee on CRA has had HB 72

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:

Sam R. Carter Thine Hershenger
Freeman
Yann Harbun
Nathaniel Estroby

Members NOT concurring in the Majority report:

None recommends:

_____ recommends:

Sam R. Carter Chairman

A M E N D M E N T # 1

OFFERED IN THE HOUSE:

By: House Community & Regional
Affairs Committee

To: ~~HOUSE~~ Amend HOUSE BILL No. 72

SENATE BILL No. _____

PAGE: 21

LINE: 23, 25, 27

On Page 21, line 23, after the word "legislature" delete the word "shall" and insert "may".

On Page 21, line 25, after the word "governor" insert the words "and to the chairmen of the House and Senate Finance Committees".

On Page 21, line 27, after the word "January" delete "2" and insert "30".

On Page 21, line 28, after the word "governor", insert the words "and to the chairmen of the House and Senate Finance Committees".

AMENDMENT #2

OFFERED IN THE HOUSE:

House Community & Regional
BY: Affairs Committee

To: ~~XXXX~~ Amend _____ HOUSE BILL No. 72

SENATE BILL No. _____

PAGE: 22

LINE: 6, 7, 8, 9

On page 22, lines 6, 7, 8 and 9, delete the words "however, at the end of each fiscal year any amount representing earnings or income received on account of money appropriated to the reserve fund shall be transferred to the general fund." and insert the words "subject to the terms of any act appropriating money to the reserve fund."

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/11/75
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 72 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Alaska Municipal Bond Bank
7 Authority and prescribing its organization, powers and
8 duties; and providing for an effective date."

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

10 * Section 1. AS 44 is amended by adding a new chapter to read:

11 CHAPTER 58. ALASKA MUNICIPAL BOND BANK AUTHORITY.

12 Sec. 44.58.005. LEGISLATIVE FINDINGS. The legislature finds
13 that

14 (1) the rapid growth of municipalities in the state and the
15 incorporation of new municipalities has created a demand for capital
16 improvements which can only be met by these municipalities' borrowing
17 money through the issuance of bonds or notes;

18 (2) many of these municipalities, although creditworthy,
19 either have not issued bonds or notes or have little outstanding debt;

20 (3) the cost of borrowed money to these municipalities is or
21 may be unnecessarily high due to lack of investor familiarity with the
22 municipalities;

23 (4) other municipalities in the state pay unnecessarily high
24 borrowing costs because of the distance of the state from capital
25 markets or may find borrowing difficult or impossible because of tem-
26 porary economic dislocation due to loss of employment or prospective
27 loss of employment.

28 Sec. 44.58.010. LEGISLATIVE POLICY. (a) It is the policy of the
29 state

1 (1) to foster and promote by all reasonable means the provi-
2 sion of adequate capital markets and facilities for borrowing money by
3 municipalities in the state to finance capital improvements or for other
4 authorized purposes, to assist these municipalities in fulfilling their
5 capital needs and requirements by use of borrowed money within statutory
6 interest rate or cost of borrowing limitations, to the greatest extent
7 possible to reduce costs of borrowed money to taxpayers and residents of
8 the state, and equally to encourage continued investor interest in the
9 purchase of bonds or notes of municipalities as sound and preferred
10 securities for investment;

11 (2) to encourage municipalities to continue their independent
12 undertakings and financing of capital improvements and other authorized
13 purposes and to assist them by making capital funds available at reduced
14 interest costs for orderly financing of capital improvements and other
15 purposes especially during periods of restricted credit or money supply,
16 particularly for those municipalities not otherwise able to borrow for
17 capital needs.

18 (b) The legislature further declares that

19 (1) the exercise of the powers of the state in the interest
20 of its municipalities is required to further and implement the policies
21 declared in (a) of this section by authorizing the creation of a state
22 bond bank authority as a body corporate and politic that will have full
23 powers to borrow money and to issue its bonds and notes to make capital
24 funds available for borrowing by municipalities and by granting broad
25 powers to the bond bank authority to carry out the declared policies
26 which are in the public interest of the state and its taxpayers and
27 residents;

28 (2) state funds should be applied or authorized to be paid to
29 a state bond bank authority only to provide adequate assurance and

1 security to the holders of the bonds or notes of the bond bank authority;

2 (3) the bond bank authority should conduct its operations
3 to provide the lowest rates in terms of borrowing to municipalities as
4 is consistent with a self-supporting operation with no expectation of
5 subsidization with state funds. The legislature does not intend that
6 the bond bank authority be utilized as a means to finance municipalities
7 beyond their capability to meet repayment schedules and debt service
8 requirements of bonds or notes.

9 Sec. 44.58.020. MUNICIPAL BOND BANK AUTHORITY. There is created
10 the Alaska Municipal Bond Bank Authority. The authority is a public
11 corporation of the state. The corporation is an instrumentality of the
12 state within the Department of Revenue but has a legal existence inde-
13 pendent of and separate from the state and has continuing succession
14 until its existence is terminated by law. The exercise by the authority
15 of the powers conferred by this chapter is considered an essential
16 governmental function of the state.

17 Sec. 44.58.030. MEMBERSHIP AND VACANCIES. The bond bank authority
18 consists of the following five directors: the commissioner of revenue,
19 the commissioner of community and regional affairs, who shall each be a
20 director ex officio with voting privileges, and three directors ap-
21 pointed by the governor. The appointment of each director other than
22 the commissioner of revenue and the commissioner of community and
23 regional affairs is subject to confirmation by the legislature. The
24 three directors appointed by the governor serve at his pleasure for
25 four-year terms. They must be residents of the state and qualified
26 voters at the time of appointment and shall comply with the requirements
27 of AS 39.50 (conflict of interest). The directors first appointed shall
28 have terms of two, three and four years respectively. Each director
29 shall hold office for the term of his appointment and until his suc-

1 cessor has been appointed and qualified. A director is eligible for
2 reappointment. A vacancy in a directorship occurring other than by
3 expiration of term shall be filled in the same manner as the original
4 appointment but for the unexpired term only. Each director before
5 entering upon his duties shall take and subscribe to an oath to perform
6 the duties of his office faithfully, impartially, and justly to the best
7 of his ability. A record of the oath shall be filed in the office of
8 the governor.

9 Sec. 44.58.040. OFFICERS AND QUORUM. The directors shall elect
10 one of their number as chairman. The directors shall elect a secretary
11 and a treasurer who need not be directors, and the same person may be
12 elected to serve both as secretary and treasurer. The powers of the
13 bond bank authority are vested in the directors, and three directors of
14 the bond bank authority constitute a quorum. Action may be taken and
15 motions and resolutions adopted by the bond bank authority at any
16 meeting by the affirmative vote of at least three directors. A vacancy
17 in the directorship of the bond bank authority does not impair the right
18 of a quorum to exercise all the powers and perform all the duties of the
19 bond bank authority.

20 Sec. 44.58.050. BONDING OF MEMBERS. Before the issuance of bonds
21 or notes under this chapter, each director shall execute a surety bond
22 in the penal sum of \$25,000 and the treasurer shall execute a surety
23 bond in the penal sum of \$50,000. Each surety bond shall be conditioned
24 upon the faithful performance of the duties of the office of the direc-
25 tor or treasurer, to be executed by a surety company authorized to
26 transact business in the state as surety and filed in the office of the
27 lieutenant governor. After issuance of bonds or notes by the bond bank
28 authority each director shall maintain his surety bond in force. All
29 costs of the surety bonds shall be borne by the bond bank authority.

1 Sec. 44.58.060. COMPENSATION AND EXPENSES. The directors of the
2 bond bank authority shall serve without compensation, but the bond bank
3 authority shall reimburse its directors for actual expenses necessarily
4 incurred in the discharge of their duties. Notwithstanding any other
5 law, an officer or employee of the state shall forfeit his office or
6 employment and any benefits by reason of his acceptance of appointment
7 to the office of director of the bond bank authority.

8 Sec. 44.58.070. STAFF. The bond bank authority shall employ an
9 executive secretary who may with the approval of the bond bank authority
10 select and employ additional staff as necessary. Employees and agents
11 of the bond bank authority other than legal counsel and the executive
12 secretary are in the classified service under AS 39.25. In addition to
13 its staff of regular employees, the bond bank authority may contract for
14 and engage the services of the bond counsel, consultants, experts, and
15 financial advisors the bond bank authority considers necessary for the
16 purpose of developing information, or conducting studies, investiga-
17 tions, hearings or other proceedings.

18 Sec. 44.58.080. POWERS OF BOND BANK AUTHORITY. The bond bank
19 authority may

- 20 (1) sue and be sued;
- 21 (2) adopt and alter an official seal;
- 22 (3) make and enforce bylaws and rules for the conduct of
23 its business and for the use of its services and facilities;
- 24 (4) maintain an office at any place in the state;
- 25 (5) acquire, hold, use and dispose of its income, revenues,
26 funds and money;
- 27 (6) acquire, rent, lease, hold, use and dispose of other
28 personal property for its purposes;
- 29 (7) borrow money and issue its negotiable bonds or notes and

1 provide for and secure their payment, provide for the rights of their
2 holders and purchase, hold and dispose of any of its bonds or notes;

3 (8) fix and revise from time to time and charge and collect
4 fees and charges for the use of its services or facilities;

5 (9) accept gifts or grants from the United States, or from
6 any governmental unit or person, firm or corporation, carry out the
7 terms or provisions or make agreements with respect to the gifts or
8 grants, and do all things necessary, useful, desirable, or convenient in
9 connection with procuring, accepting or disposing of the gifts or
10 grants;

11 (10) do anything authorized by this chapter, through its
12 officers, agents or employees or by contracts with a person;

13 (11) make, enter into and enforce all contracts necessary,
14 convenient or desirable for the purposes of the bond bank authority or
15 pertaining to a loan to a political subdivision, a purchase or sale of
16 municipal bonds or other investments, or the performance of its duties
17 and execution of any of its powers under this chapter;

18 (12) purchase or hold municipal bonds at prices and in a
19 manner the bond bank authority considers advisable, and sell municipal
20 bonds acquired or held by it at prices without relation to cost and in a
21 manner the bond bank authority considers advisable;

22 (13) invest funds or money of the bond bank authority not
23 required at the time of investment for loan to political subdivisions
24 for the purchase of municipal bonds, in the same manner as permitted for
25 investment of funds belonging to the state, except as otherwise provided
26 in this chapter;

27 (14) prescribe the form of application or procedure required
28 of a political subdivision for a loan or purchase of its municipal
29 bonds, fix the terms and conditions of the loan or purchase, and enter

1 into agreements with political subdivisions with respect to loans or
2 purchases;

3 (15) render services to a political subdivision in connection
4 with a public or private sale of its municipal bonds, including advisory
5 and other services, and charge for services rendered;

6 (16) charge for its costs and services in review or consid-
7 eration of a proposed loan to a political subdivision or purchase by the
8 bond bank authority of municipal bonds of the political subdivision,
9 whether or not the loan is made or the municipal bonds purchased;

10 (17) fix and establish terms and provisions with respect to a
11 purchase of municipal bonds by the bond bank authority, including date
12 and maturities of the bonds, provisions as to redemption or payment
13 before maturity, and any other matters which in connection with the
14 purchase are necessary, desirable or advisable in the judgment of the
15 bond bank authority;

16 (18) procure insurance against any losses in connection with
17 its property, operations or assets in amounts and from insurers as it
18 considers desirable;

19 (19) to the extent permitted under its contracts with the
20 holders of bonds or notes of the bond bank authority, consent to modifi-
21 cation of the rate of interest, time and payment of installment of
22 principal or interest, security or any other term of a bond or note,
23 contract or agreement of any kind to which the bond bank authority is a
24 party; and

25 (20) do all acts and things necessary, convenient, or desir-
26 able to carry out the powers expressly granted or necessarily implied in
27 this chapter.

28 Sec. 44.58.090. LIMITATIONS. Under this chapter the bond bank
29 authority may not

1 (1) make loans of money to a person, firm or corporation
2 other than a municipality or purchase securities issued by a person,
3 other than a municipality except for investment as provided in this
4 chapter;

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

9 (3) be or constitute a bank or trust company within the
10 jurisdiction or under the control of a regulatory or supervisory board
11 or department of the state, or the Comptroller of the Currency of the
12 United States, or the Department of the Treasury, or Federal Reserve
13 Board of the United States; or

14 (4) be or constitute a bank, banker or dealer in securities
15 within the meaning of or subject to the provisions of securities, securi-
16 ties exchange, or securities dealers law, of the United States or of
17 this state or of another state.

18 Sec. 44.58.100. ANNUAL REPORT AND AUDIT. Before October 1 of each
19 year the bond bank authority shall make a report of its activities for
20 the preceding fiscal year to the governor and to the legislature. The
21 report shall set out a complete operating and financial statement
22 covering its operations during the year. The bond bank authority shall
23 have an audit of its books and accounts made at least once in each year
24 by certified public accountants and the cost of the audit shall be
25 considered an expense of the bond bank authority and a copy of the audit
26 shall be filed with the commissioner of revenue and the legislature.

27 Sec. 44.58.110. ANNUAL BUDGET. The bond bank authority shall
28 prepare and submit an annual budget in accordance with the provisions of
29 the Executive Budget Act (AS 37.07).

1 Sec. 44.58.120. CARE AND CUSTODY OF BONDS. The bond bank authority
2 may enter into agreements or contracts with a bank, trust company,
3 banking or financial institution inside or outside the state as may be
4 necessary, desirable or convenient, in the opinion of the bond bank
5 authority, for rendering services in connection with the care, custody
6 or safekeeping of municipal bonds or other investments held or owned by
7 the bond bank authority, for rendering services in connection with the
8 payment or collection of amounts payable as to principal or interest,
9 and for rendering services in connection with the delivery to the bond
10 bank authority of municipal bonds or other investments purchased by it
11 or sold by it, and to pay the cost of those services. The bond bank
12 authority may also, in connection with any of the services to be ren-
13 dered by a bank, trust company or banking or financial institution as to
14 the custody and safekeeping of its municipal bonds or investments,
15 require security in the form of collateral bonds, surety agreements or
16 security agreements in such form and amount as, in the opinion of the
17 bond bank authority, is necessary or desirable.

18 Sec. 44.58.130. EFFECT OF OBLIGATIONS. (a) Bonds and notes
19 issued under this chapter are not a debt or liability of the state and
20 do not create or constitute an indebtedness, liability or obligation of
21 the state, nor do they constitute a pledge of the faith and credit of
22 the state. All bonds and notes issued under this chapter, unless
23 funded or refunded by bonds or notes of the bond bank authority, are
24 general obligations of the authority to which the full faith and credit
25 of the authority are pledged to the payments of them, except to the
26 extent provided by the resolution authorizing the issuance of them.
27 Each bond and note must contain on its face a statement to the effect
28 that the bond bank authority is obligated to pay the principal and
29 interest on the instrument or by from revenues or funds of the bond bank

1 authority and that the state is not obligated to pay the principal or
2 interest and that neither the faith and credit nor the taxing power of
3 the state is pledged to the payment of the principal of or the interest
4 on the bond or note.

5 (b) The state pledges to and agrees with the holders of the bonds
6 or notes issued under this chapter that the state will not limit or
7 restrict the rights vested in the bond bank authority to purchase,
8 acquire, hold, sell or dispose of municipal bonds or other investments
9 or to make loans to political subdivisions or to establish and collect
10 fees or other charges convenient or necessary to produce sufficient
11 revenues to meet the expenses of operation of the bond bank authority
12 and to fulfill the terms of any agreement made with the holders of its
13 bonds or notes or in any way impair the rights or remedies of the
14 holders of the bonds or notes until the bonds or notes, together with
15 the interest on the bonds or notes, and interest on unpaid installments
16 of interest, and all costs and expenses in connection with an action or
17 proceeding by or on behalf of the holders, are fully met, paid and
18 discharged.

19 Sec. 44.58.140. NEGOTIABILITY OF BONDS OR NOTES. Notwithstanding
20 other provisions of law, a bond or note issued under this chapter is
21 fully negotiable for all purposes of the Uniform Commercial Code (AS 45.
22 05), and a holder or owner of a bond or note, or of a coupon appurtenant
23 to it, by accepting the bond, note or coupon is conclusively considered
24 to have agreed that the bond, note or coupon is fully negotiable for all
25 purposes of the Uniform Commercial Code.

26 Sec. 44.58.150. BONDS OR NOTES AS LEGAL INVESTMENTS. Notwith-
27 standing the restrictions of any other law, all banks, trust companies,
28 savings banks and institutions, building and loan associations, savings
29 and loan associations, investment companies, and other persons carrying

1 on a banking business, all insurance companies, insurance associations,
2 and other persons carrying on an insurance business, and all executors,
3 administrators, guardians, trustees and other fiduciaries, may legally
4 invest sinking funds, money or other funds belonging to them or within
5 their control in bonds or notes issued under this chapter.

6 Sec. 44.58.160. TAX EXEMPTION. All property of the bond bank
7 authority is public property devoted to an essential public and govern-
8 mental function and purpose and is exempt from all taxes and special
9 assessments of the state or a political subdivision of the state. All
10 bonds or notes issued under this chapter are issued by a body corporate
11 and public of this state and for an essential public and governmental
12 purpose and the bonds and notes, and the interest and income on and
13 from the bonds and notes, and all fees, charges, funds, revenues,
14 income and other money pledged or available to pay or secure the payment
15 of the bonds or notes, or interest on the bonds or notes, are exempt
16 from taxation except for transfer, inheritance and estate taxes.

17 Sec. 44.58.170. LOANS TO POLITICAL SUBDIVISIONS. (a) The bond
18 bank authority, to carry out the purposes and policies of this chapter,
19 may lend money to municipalities through the purchase by the bond bank
20 authority of municipal bonds of municipalities. The bond bank author-
21 ity, for this purpose, may issue its bonds and notes payable solely from
22 the revenues or funds available to the bond bank authority for such
23 payment and may otherwise assist municipalities as provided in this
24 chapter.

25 (b) To the extent that the commissioner of revenue is the custo-
26 dian of money payable to a municipality, at any time after written
27 notice to him from the bond bank authority that the municipality is in
28 default on the payment of principal or interest on municipal bonds of
29 the municipality then held or owned by the bond bank authority, the com-

1 missioner of revenue shall withhold the payment of that money from that
2 municipality until the amount of the principal or interest then due and
3 unpaid has been paid to the bond bank authority, or until the commis-
4 sioner of revenue has been advised that arrangements, satisfactory to
5 the bond bank authority, have been made for the payment of the principal
6 and interest.

7 Sec. 44.58.180. ISSUANCE OF BONDS AND NOTES. (a) The bond bank
8 authority may issue its bonds or notes in principal amounts that it
9 considers necessary to provide funds for any purposes under this chap-
10 ter, including

11 (1) the purchase of municipal bonds;

12 (2) the making of loans through the purchase of municipal
13 bonds;

14 (3) the payment, funding or refunding of the principal of, or
15 interest or redemption premiums on, bonds or notes issued by it whether
16 the bonds or notes or interest to be funded or refunded have or have not
17 become due;

18 (4) the establishment or increase of reserves to secure or to
19 pay bonds or notes or interest on bonds or notes and all other costs or
20 expenses of the bond bank authority incident to and necessary or con-
21 venient to carry out its corporate purposes and powers.

22 (b) Except as otherwise provided in this chapter or by the bond
23 bank authority, every issue of bonds or notes shall be general obli-
24 gations payable out of the revenues or funds of the bond bank authority,
25 subject only to agreements with the holders of particular bonds or notes
26 pledging a particular revenue or fund. Bonds or notes may be addi-
27 tionally secured by a pledge of a grant or contributions from the
28 United States or the state or a political subdivision or a person, firm
29 or corporation, or a pledge of income or revenues, funds or money of the

1 bond bank authority from any source whatsoever.

2 (c) Notwithstanding the provisions of (a) and (b) of this section,
3 the total amount of bond bank authority bonds and notes outstanding at
4 any one time, except bonds or notes issued to fund or refund bonds or
5 notes, may not exceed \$150,000,000.

6 (d) In deciding to purchase municipal bonds of a municipality, the
7 bond bank authority shall give preference to the municipalities referred
8 to in sec. 5 of this chapter. In addition, the following, listed in
9 order of preference, are preferred purposes of the municipal bonds that
10 may be considered by the bond bank authority for purchase: schools,
11 waste water treatment facilities, fire protection and public safety
12 facilities, public health facilities and public transportation facili-
13 ties.

14 Sec. 44.58.190. FORM OF ISSUANCE. Bonds or notes of the bond bank
15 authority shall be authorized by resolution of the bond bank authority
16 and may be issued in one or more series and shall bear the date, mature
17 at the time, bear interest at the rate of interest each year or within a
18 maximum rate, be in the denomination, be in the form, either coupon or
19 registered, carry the conversion or registration privileges, have the
20 rank or priority, be executed in the manner, be payable from the sources
21 in the medium of payment at the place inside or outside the state, and
22 be subject to the terms of redemption, with or without premium, as the
23 resolution of the bond bank authority provides.

24 Sec. 44.58.200. SALE PRICE. Bonds or notes of the bond bank
25 authority may be sold at public or private sale at the price the bond
26 bank authority determines.

27 Sec. 44.58.210. PAYMENT OR REFUNDING OF NOTES. The bond bank
28 authority may from time to time issue its notes under this chapter and
29 pay and retire or fund or refund the notes from proceeds of bonds or of

1 other notes, or from other funds or money of the bond bank authority
2 available for that purpose in accordance with a contract between the
3 bond bank authority and the holders of the notes.

4 Sec. 44.58.220. TERMS OF AGREEMENT WITH THE BOND- OR NOTEHOLDER.

5 In a resolution of the bond bank authority authorizing or relating to
6 the issuance of bonds or notes, the bond bank authority, in order to
7 secure the payment of the bonds or notes and in addition to its other
8 powers, may covenant and contract with the holders of the bonds or notes

9 (1) to pledge to a payment or purpose all or a part of its
10 revenues to which its right then exists or may thereafter come into
11 existence, and the money derived from the revenues, and the proceeds of
12 any bonds or notes;

13 (2) to covenant against pledging all or a part of its reve-
14 nues, or against permitting or suffering a lien on those revenues or its
15 property;

16 (3) to covenant as to the use and disposition of payments of
17 principal or interest received by the bond bank authority on municipal
18 bonds or other investments held by the bond bank authority;

19 (4) to covenant as to establishment of reserves or sinking
20 funds, the making of provision for them, and the regulation and dis-
21 position of the reserves or sinking funds;

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

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

27 (7) to covenant as to the issuance of additional bonds or
28 notes or as to limitations on the issuance of additional bonds or notes
29 and on the incurring of other debts by it;

1 (8) to covenant as to the payment of the principal of or
2 interest on the bonds or notes, as to the sources and methods of pay-
3 ment, as to the rank or priority of bonds or notes with respect to a
4 lien or security or as to the acceleration of the maturity of any bonds
5 or notes;

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

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

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

13 (12) to covenant as to charges to be established and charged,
14 the amount to be raised each year or other period of time by charges or
15 other revenues, and as to the use and disposition to be made of the
16 charges or other revenues;

17 (13) to covenant to create or authorize the creation of
18 special funds or money to be held in pledge or otherwise for operating
19 expenses, payment or redemption of bonds or notes, reserves or other
20 purposes and as to the use and disposition of the money held in those
21 funds;

22 (14) to establish the procedure, if any, by which the terms of
23 a contract or covenant with or for the benefit of the holders of bonds
24 or notes may be amended or abrogated, the amount of bonds or notes the
25 holders of which must consent to amendment or abrogation, and the manner
26 in which the consent may be given;

27 (15) to covenant as to the custody of any of its property or
28 investments, their safekeeping and insurance, and the use and disposi-
29 tion of insurance money;

1 (16) to covenant as to the time or manner of enforcement or
2 restraint from enforcement of any rights of the bond bank authority
3 arising by reason of or with respect to nonpayment of the principal or
4 interest of a municipal bond;

5 (17) to provide for the rights and liabilities, powers and
6 duties arising upon the breach of any covenant, condition or obligation
7 and to prescribe the events of default and the terms and conditions upon
8 which any or all of the bonds, notes or other obligation of the bond
9 bank authority become or may be declared due and payable before matur-
10 ity and the terms and conditions upon which the declaration and its
11 consequences may be waived;

12 (18) to vest in a trustee inside or outside the state such
13 property, rights, powers and duties in trust as the bond authority may
14 determine, which may include any of the rights, powers and duties of a
15 trustee appointed by the holders of the bonds or notes, and to limit or
16 abrogate the right of the holders of the bonds or notes of the bond bank
17 authority to appoint a trustee under this chapter or limit the rights,
18 powers and duties of the trustee;

19 (19) to pay the costs or expenses incident to the enforcement
20 of the bonds or notes or of the resolution or of a covenant or agreement
21 of the bond bank authority with the holders of its bonds or notes;

22 (20) to agree with a corporate trustee which may be a trust
23 company or bank having the powers of a trust company inside or outside
24 the state, as to the pledging or assigning of revenues or funds in which
25 the bond bank authority has a right or interest, and may further provide
26 for such other rights and remedies exercisable by the trustee as may be
27 proper for the protection of the holders of bonds or notes of the bond
28 bank authority and not otherwise in violation of law, and the agreement
29 may also provide for the restriction of the rights of an individual

1 holder of bonds or notes of the bond bank authority;

2 (21) to appoint and to provide for the duties and obligations
3 of a paying agent or paying agents, or other fiduciaries as the resolu-
4 tion may provide inside or outside the state;

5 (22) to limit the rights of the holders of bonds or notes to
6 enforce a pledge or covenant securing bonds or notes; and

7 (23) to make covenants other than and in addition to the
8 covenants expressly authorized in this section, of like or different
9 character, and to make covenants to do or refrain from doing acts and
10 things as may be necessary, or convenient and desirable, in order to
11 better secure bonds or notes or which, in the absolute discretion of the
12 bond bank authority, will tend to make bonds or notes more marketable,
13 notwithstanding that the covenants, acts or things may not be enumerated
14 in this section.

15 Sec. 44.58.230. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The
16 bond bank authority may purchase bonds or notes of the bond bank author-
17 ity out of its funds or money available for the purchase of its own
18 bonds and notes. The bond bank authority may hold, cancel or resell the
19 bonds or notes subject to and in accordance with agreements with holders
20 of its bonds or notes.

21 Sec. 44.58.240. BOND ANTICIPATION NOTES. Notwithstanding any law
22 applicable to a municipality as to the period for temporary financing of
23 a public improvement or purpose by issuance of its notes in anticipation
24 of the issuance of permanent bonds or as to the renewal of bond antici-
25 pation notes, the bond bank authority may purchase and the municipality
26 may issue bond anticipation notes and may renew them from time to time;
27 however, the bond anticipation notes, including renewals, shall mature
28 in such amounts and in such years not exceeding five years from the date
29 of the original issuance as is agreed between the bond bank authority

1 and the municipality. In connection with the transaction and purchase
2 of bond anticipation notes, the bond bank authority may by agreement
3 with the municipality impose any terms, conditions and limitations as in
4 its opinion are proper for the purposes and security of the bond bank
5 authority and the holders of its bonds or notes. The failure of a
6 municipality to comply with the agreement constitutes a failure of the
7 municipality to pay principal of and interest on the bonds or notes, and
8 the bond bank authority shall enforce all rights, remedies, and provi-
9 sions of law as it has under this chapter or are elsewhere provided.

10 Sec. 44.58.250. DOCUMENTATION. All municipal bonds purchased,
11 held or owned by the bond bank authority, upon delivery to the bond bank
12 authority, must be accompanied by all documentation required by the
13 authority.

14 Sec. 44.58.260. PRESUMPTION OF VALIDITY. After issuance, all
15 bonds or notes of the bond bank authority shall be conclusively presumed
16 to be fully authorized and issued under the laws of the state, and a
17 person or a municipality is estopped from questioning their authoriza-
18 tion, sale, issuance, execution or delivery by the bond bank authority.

19 Sec. 44.58.270. RESERVE FUND. (a) The bond bank authority shall
20 establish and maintain a special fund called the "Alaska municipal bond
21 bank authority reserve fund" in which there shall be deposited or
22 transferred

23 (1) all money appropriated by the legislature for the purpose
24 of the fund in accordance with the provisions of (g) of this section;

25 (2) all proceeds of bonds required to be deposited in the
26 fund by terms of a contract between the bond bank authority and its
27 bondholders or a resolution of the bond bank authority with respect to
28 the proceeds of bonds;

29 (3) all other money appropriated by the legislature to the

1 reserve fund; and

2 (4) any other money or funds of the bond bank authority which
3 it decides to deposit in the fund.

4 (b) Subject to the provisions of (h) of this section, money in the
5 reserve fund shall be held and applied solely to the payment of the
6 interest on and principal of bonds of the bond bank authority as the
7 interest and principal become due and payable and for the retirement of
8 bonds; and the money may not be withdrawn if a withdrawal would reduce
9 the amount in the reserve fund to an amount less than the required debt
10 service reserve except for payment of interest then due and payable on
11 bonds and the principal of bonds then maturing and payable and for the
12 retirement of bonds in accordance with the terms of a contract between
13 the bond bank authority and its bondholders and for which payments of
14 other money of the bond bank authority is not then available. As used
15 in this subsection, "required debt service reserve" means, as of the
16 date of computation, the amount required to be on deposit in the reserve
17 fund as provided by resolution of the bond bank authority.

18 (c) Money in the reserve fund in excess of the required debt
19 service reserve as defined in (b) of this section, whether by reason of
20 investment or otherwise, may be withdrawn at any time by the bond bank
21 authority and transferred to another fund or account of the bond bank
22 authority subject to the provision of (h) of this section.

23 (d) Money in the reserve fund may be invested in the same manner
24 and on the same conditions as permitted for investment of funds belong-
25 ing to the state or held in the treasury under AS 37.10.070; however,
26 the authority may agree with the bondholders to further limit these
27 investments.

28 (e) For purposes of valuation, investments in the reserve fund
29 shall be valued at par or if purchased at less than par, at cost unless

1 otherwise provided by resolution of the bond bank authority. Valuation
2 on a particular date shall include the amount of interest then earned or
3 accrued to that date on the money or investments in the reserve fund.

4 (f) Notwithstanding any other provision of this chapter, no bonds
5 may be issued by the bond bank authority unless there is in the reserve
6 fund the required debt service reserve for all bonds then issued and
7 outstanding and for the bonds to be issued; however, the bond bank
8 authority may satisfy this requirement by depositing as much of the
9 proceeds of the bonds to be issued, upon their issuance, as is needed to
10 meet the required debt service reserve. The bond bank authority may at
11 any time issue its bonds or notes for the purpose of increasing the
12 amount in the reserve fund to the required debt service reserve, or to
13 meet whatever higher or additional reserve that may be fixed by the bond
14 bank authority with respect to the fund.

15 (g) In order to assure the maintenance of the required debt ser-
16 vice reserve in the reserve fund, the legislature may appropriate
17 annually to the bond bank authority for deposit in the fund the sum,
18 certified by the chairman of the bond bank authority to the governor
19 and to the legislature, that is necessary to restore the fund to an
20 amount equal to the required debt service reserve. The chairman an-
21 nually, before January 30, shall make and deliver to the governor and to
22 the legislature his certificate stating the sum required to restore the
23 fund to that amount, and the sum so certified may be appropriated and
24 paid to the bond bank authority during the then current state fiscal
25 year. Nothing in this subsection creates a debt or liability of the
26 state.

27 (h) All amounts received on account of money appropriated to the
28 reserve fund referred to in (a)(3) of this section shall be held and
29 applied in accordance with (b) of this section; however, at the end of

1 each fiscal year any amount representing earnings or income received on
2 account of money appropriated to the reserve fund shall be transferred
3 to the general fund of the state.

4 Sec. 44.58.280. ADDITIONAL FUNDS AND ACCOUNTS. The bond bank
5 authority may establish additional reserves or other funds or accounts
6 as may be, in its discretion, necessary, desirable, or convenient to
7 further the accomplishment of its purposes or to comply with the provi-
8 sions of any of its agreements or resolutions.

9 Sec. 44.58.290. APPLICATION OF FUNDS. Money or investments in a
10 fund or account of the bond bank authority established or held for
11 bonds, notes, indebtedness or liability to be paid, funded, or refunded
12 by issuance of bonds or notes, unless the resolution authorizing the
13 bonds or notes provides otherwise, shall be applied to the payment or
14 retirement of the bonds, notes, indebtedness or liability, and to no
15 other purpose.

16 Sec. 44.58.300. RIGHTS OF HOLDERS PARAMOUNT. In order to carry
17 out its purpose under this chapter of making loans to municipalities by
18 purchase of the municipal bonds of those municipalities and by receipt
19 of its income from service charges and from payments of interest on the
20 maturing principal of municipal bonds purchased and held by it, and in
21 order to produce revenues or income to the bond bank authority suffi-
22 cient at all times to meet its costs and expenses of operation under
23 this chapter and to pay the principal of and interest on its outstanding
24 bonds and notes when due, the bond bank authority must at all times, and
25 to the greatest extent possible, plan to issue its bonds and notes and
26 lend money to political subdivisions so that the purpose is achieved
27 without in any way jeopardizing any rights of the holders of bonds or
28 notes of the bond bank authority or affecting other matters under this
29 chapter.

1 Sec. 44.58.310. DEFAULT IN PAYMENT. If the bond bank authority
2 defaults in the payment of principal or interest on an issue of notes or
3 bonds after they become due, whether at maturity or upon call for
4 redemption, and the default continues for 30 days, or if the bond bank
5 authority fails or refuses to comply with this chapter or defaults in an
6 agreement made with the holders of an issue of notes or bonds, the
7 holders of 25 per cent in the aggregate principal amount of the out-
8 standing notes or bonds of that issue, by instrument filed in the office
9 of the clerk of the district court of the first judicial district and
10 executed in the same manner as a deed to be recorded, may appoint a
11 trustee to represent the holders of those notes or bonds for the pur-
12 poses provided in this chapter.

13 Sec. 44.58.320. POWERS AND DUTIES OF TRUSTEE ON DEFAULT. (a) A
14 trustee appointed under sec. 320 of this chapter may, and shall in his
15 or its name, upon written request of the holders of 25 per cent in
16 principal amount of the outstanding notes or bonds,

17 (1) by civil action enforce all rights of the noteholders or
18 bondholders, including the right to require the bond bank authority to
19 collect rates, charges and other fees and to collect interest and
20 amortization payments on municipal bonds and not s held by it adequate
21 to carry out an agreement as to, or pledge of, the rates, charges and
22 other fees and of the interest and amortization payments, and to require
23 the bond bank authority to carry out any other agreements with the
24 holders of the notes or bonds and to perform its duties under this
25 chapter;

26 (2) bring a civil action upon the notes or bonds;

27 (3) by civil action require the bond bank authority to
28 account as if it were the trustee of an express trust for the holders of
29 the notes or bonds;

1 (4) by civil action enjoin anything which may be unlawful or
2 in violation of the rights of the holders of the notes or bonds;

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

7 (6) the trustee, in addition to the foregoing, has all the
8 powers necessary for the exercise of functions specifically set out or
9 incident to the general representation of bondholders or noteholders in
10 the enforcement and protection of their rights.

11 (b) Before declaring the principal of notes or bonds due and
12 payable, the trustee must first give 30 days notice in writing to the
13 governor, the bond bank authority, the commissioner of community and
14 regional affairs, and the attorney general of the state.

15 Sec. 44.58.330. PERSONAL LIABILITY. Neither a member of the bond
16 bank authority nor a person executing bonds or notes issued under this
17 chapter is liable personally on the bonds or notes.

18 Sec. 44.58.340. EXEMPTION FROM EXECUTION AND SALE. All property
19 of the bond bank authority is exempt from levy and sale by virtue of an
20 execution and no execution or other judicial process may issue against
21 the property. A judgment against the bond bank authority may not be a
22 charge or lien upon its property; however, nothing in this section
23 applies to or limits the rights of the holder of bonds or notes to
24 pursue a remedy for the enforcement of a pledge or lien given by the
25 bond bank authority on its revenues or other money.

26 Sec. 44.58.350. LIEN OF PLEDGE. A pledge of revenues or other
27 money made by the bond bank authority is binding from the time the
28 pledge is made. Revenues or other money so pledged and thereafter
29 received by the bond bank authority are immediately subject to the lien

1 of the pledge without any further act, and the lien of a pledge is
2 binding against all parties having claims of any kind in tort, contract
3 or otherwise against the bond bank authority, regardless of whether the
4 parties have notice of the lien. Neither the resolution nor any other
5 instrument by which a pledge is created needs to be filed or recorded
6 except in the records of the bond bank authority.

7 Sec. 44.58.360. INSURANCE OR GUARANTY. The bond bank authority
8 may obtain from a department or agency of the United States, or a non-
9 governmental insurer available insurance or guaranty for the payment or
10 repayment of interest or principal, or both, or any part of interest or
11 principal, on bonds or notes issued by the bond bank authority, or on
12 municipal bonds of municipalities purchased or held by the bond bank
13 authority.

14 Sec. 44.58.370. SURETY FOR DEPOSITS BY BANK. All banks, trust
15 companies, savings banks, investment companies and other persons carry-
16 ing on a banking business are authorized to give to the bond bank
17 authority a good and sufficient undertaking with such sureties as are
18 approved by the bank to the effect that the bank or banking institution
19 shall faithfully keep and pay over to the order of or upon the warrant
20 of the bond bank authority or its authorized agent all those funds
21 deposited with it by the bank and agreed interest under or by reason of
22 this chapter, at such times or upon such demands as may be agreed with
23 the bank or in lieu of these sureties, deposit with the bond bank
24 authority or its authorized agent or a trustee or for the holders of
25 bonds, as collateral, those securities as the bond bank authority may
26 approve. The deposits of the bond bank authority may be evidenced by an
27 agreement in the form and upon the terms and conditions that may be
28 agreed upon by the bond bank authority and the depository bank or
29 banking institution.

1 Sec. 44.58.380. EXPENSES OF ADMINISTRATION. All expenses incurred
2 in carrying out this chapter are payable solely from revenues or funds
3 appropriated under this chapter and nothing in this chapter authorizes
4 the bond bank authority to incur an indebtedness or liability on behalf
5 of or payable by the state.

6 Sec. 44.58.390. COOPERATION BY GOVERNMENT AGENCIES. All officers,
7 departments, boards, agencies, divisions and commissions of the state
8 shall render services to the bond bank authority that are within the
9 area of their respective governmental functions and that may be re-
10 quested by the bond bank authority and must comply promptly with any
11 reasonable request by the bond bank authority relating to making of a
12 study or review as to desirability, need, cost or expense, or financial
13 feasibility with respect to a public project, purpose or improvement, or
14 the financial or fiscal responsibility or ability of a political sub-
15 division making application for loan to the bond bank authority and for
16 the purchase by the bond bank authority of municipal bonds to be issued
17 by that municipality. The cost and expense of a service requested by
18 the bond bank authority, at the request of the officer, department,
19 board, agency, division or commission rendering the service, shall be
20 paid by the bond bank authority.

21 Sec. 44.58.400. PUBLIC RECORDS; OPEN MEETINGS. The provisions of
22 AS 09.25.110 - 09.25.120 (public records) and AS 44.62.310 - 44.62.312
23 (agency public meetings) apply to the bond bank authority.

24 Sec. 44.58.410. DEFINITIONS. In this chapter, unless the context
25 requires otherwise,

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

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

1 (3) "municipal bond" means a bond or note or evidence of debt
2 which constitutes a direct and general obligation of a political sub-
3 division of the state, all the taxable property within which is subject
4 to taxation to pay the bond, note or evidence of debt, and the interest
5 without limitation, as to rate or amount generally or to avoid a default
6 as provided for second class cities under AS 29.53.410;

7 (4) "municipality" means a home rule or general law city or
8 borough including but not limited to a unified municipality organized
9 under AS 29.68;

10 (5) "notes" means notes of the bond bank authority issued
11 under this chapter;

12 (6) "public body" means a public body corporate and politic
13 or a political subdivision of the state established under any law of the
14 state which may issue municipal bonds;

15 (7) "reserve fund" means the Alaska municipal bond bank
16 reserve fund established under sec. 280 of this chapter;

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

22 Sec. 44.58.420. SHORT TITLE. This chapter may be cited as the
23 Alaska Municipal Bond Bank Authority Act.

24 * Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

25 (16) the members, executive secretary and legal counsel of
26 the Alaska Municipal Bond Bank Authority.

27 * Sec. 3. AS 39.50.200(9) is amended by adding a new subparagraph to
28 read:

29 (JJ) Alaska Municipal Bond Bank Authority (AS 44.58.020).

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

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Original sponsor: Rules Committee by request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 72

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to a state municipal bond fund; and providing for an effective date."

7

8

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

9

* Section 1. AS 29.58 is amended by adding new sections to read:

10

ARTICLE 7. ALASKA MUNICIPAL BOND FUND.

11

Sec. 29.58.360. LEGISLATIVE FINDINGS. The legislature finds that

12

(1) the rapid growth of municipalities in the state and the

13

incorporation of new municipalities has created a demand for capital

14

improvements which can only be met by these municipalities' borrowing

15

money through the issuance of bonds or notes;

16

(2) many of these municipalities, although creditworthy,

17

either have not issued bonds or notes or have little outstanding debt;

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(3) the cost of borrowed money to these municipalities is

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or may be unnecessarily high due to lack of investor familiarity with

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the municipalities;

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(4) other municipalities in the state pay unnecessarily high

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borrowing costs because of the distance of the state from capital markets

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or may find borrowing difficult or impossible because of temporary eco-

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nomie dislocation due to loss of employment or prospective loss of

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employment.

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Sec. 29.58.370. LEGISLATIVE POLICY. (a) It is the policy of the

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state

28

(1) to foster and promote by all reasonable means the pro-

29

vision of adequate capital markets and facilities for borrowing money by

1 political subdivisions of the state to finance public improvements or
2 purposes, to assist political subdivisions in fulfilling their capital
3 needs and requirements by use of borrowed money within statutory interest
4 rate or cost of borrowing limitations, to the greatest extent possible
5 to reduce costs of borrowed money to taxpayers and residents of the
6 state, and equally to encourage continued investor interest in the
7 purchase of bonds or notes of political subdivisions as sound and pre-
8 ferred securities for capital investment;

9 (2) to encourage political subdivisions to continue their
10 independent undertakings and financing of public improvements and
11 purposes and assist them by making capital funds available at reduced
12 interest costs for orderly financing of public improvements and purposes
13 during periods of restricted credit or money supply, particularly for
14 those political subdivisions not otherwise able to borrow for capital
15 needs during those periods.

16 Sec. 29.58.380. ALASKA MUNICIPAL BOND FUND. There is in the
17 department the Alaska municipal bond fund, consisting of appropriations
18 or other money deposited in the fund. Money of the fund shall be
19 utilized by the department to lend money to political subdivisions of
20 the state through purchase, as provided in sec. 390 of this chapter, of
21 general obligation and revenue bonds issued by the political sub-
22 divisions.

23 Sec. 29.58.390. LOANS TO POLITICAL SUBDIVISIONS. (a) The depart-
24 ment is authorized to lend money to political subdivisions of the state
25 through the purchase from the municipal bond fund of general obligation
26 and revenue bonds of the political subdivisions in fully marketable
27 form and including costs of the authorization, issuance and sale of the
28 bonds, and the making of loans through the purchase of municipal bonds.
29 For these purposes, the department may purchase or hold municipal bonds

1 at prices and in a manner it considers advisable and sell municipal
2 bonds acquired or held by it at prices without relation to cost and in
3 a manner it considers advisable. The department may prescribe the form
4 of application or procedure required of a political subdivision for a
5 loan or purchase of its municipal bonds, fix the terms and conditions
6 of the loan or purchase, and enter into agreements with political sub-
7 divisions with respect to loans or purchases. It may charge for its
8 costs and services in review or consideration of a proposed loan to a
9 political subdivision or purchase by the fund of bonds of the political
10 subdivision, whether or not the loan is made or the bonds purchased.

11 (b) In deciding to purchase municipal bonds, the department shall
12 give preference to municipal bonds of political subdivisions actually
13 experiencing, or with the prospect of experiencing, reduced economic
14 growth by reason of the loss or prospective loss, in whole or in part,
15 of a major employer, and to the political subdivisions referred to in
16 sec. 360 of this chapter. ~~In addition, as a prerequisite to purchase of~~
17 ~~its municipal bonds by the department, a political subdivision must~~
18 ~~demonstrate to the department its inability to sell or negotiate the~~
19 ~~sale of the municipal bonds at a rate less than two per cent over that~~
20 ~~of the bond buyer's index.~~ The following, listed in order of preference
21 are preferred purposes of the municipal bonds that may be considered
22 by the bond bank authority for purchase: schools, waste water treatment
23 facilities, fire protection and public safety facilities, public health
24 facilities and public transportation facilities.

25 (c) ~~Other provisions of law not withstanding,~~ to the extent that
26 the commissioner of revenue is the custodian of money payable to a
27 municipality other than the ~~proceeds of tax dedicated in accordance with~~
28 other provisions of law, at any time after written notice to him from
29 the department that the municipality is in default on the payment of

1 principal or interest on municipal bonds of the municipality then held
2 or owned by the state, the commissioner of revenue shall withhold the
3 payment of that money from that municipality until the amount of the
4 principal or interest then due and unpaid has been paid to the committee
5 or until the commissioner of revenue has been advised that arrangements,
6 satisfactory to the committee, have been made for the payment of the
7 principal and interest.

8 Sec. 29.58.400. POWERS AND DUTIES OF DEPARTMENT. The department
9 may adopt regulations necessary to carry out the purposes of secs. 360 -
10 410 of this chapter and designate agents and delegates powers to them
11 as is necessary.

12 Sec. 29.58.410. DEFINITIONS. In secs. 360 -410 of this chapter,
13 unless the context requires otherwise,

14 (1) "bond fund" or "fund" means the Alaska municipal Bond
15 fund established under sec. 360 of this chapter;

16 (2) "department" means the Department of Community and
17 Regional Affairs;

18 (3) "municipal bond" means a bond or note or evidence of
19 debt which constitutes a direct and general obligation of a political
20 subdivision of the state, all the taxable property within which is
21 subject to taxation to pay the bond, note or evidence of debt, and the
22 interest without limitation, as to rate or amount generally or to avoid
23 a default as provided for second class cities under AS 29.53.410;

24 (4) "municipality" and "political subdivision" means a home
25 rule or general law city or borough including but not limited to a
26 unified municipality organized under AS 29.68.240 - 29.68.440.

27 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-

28 070(c).

1. Amendment
Page 14

Offered: 1/24/75
Referred: Community &
Regional Affairs and Finance

2. ~~on page~~
3 p 1 Budget

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

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5. page 26

HOUSE BILL NO. 72

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6. ~~new sec = public records~~ 44 5-8415

IN THE LEGISLATURE OF THE STATE OF ALASKA

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7. ~~Craig~~

NINTH LEGISLATURE - FIRST SESSION

5

8. 22 - of the state A BILL

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For an Act entitled: "An Act creating the Alaska Municipal Bond Bank

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Authority and prescribing its organization, powers and

8

duties; and providing for an effective date."

9

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

10

* Section 1. AS 44 is amended by adding a new chapter to read:

11

CHAPTER 58. ALASKA MUNICIPAL BOND BANK AUTHORITY.

12

Sec. 44.58.005. LEGISLATIVE FINDINGS. The legislature finds

13

that

14

(1) the rapid growth of municipalities in the state and the

15

incorporation of new municipalities has created a demand for capital

16

improvements which can only be met by these municipalities' borrowing

17

money through the issuance of bonds or notes;

18

(2) many of these municipalities. although creditworthy,

19

either have not issued bonds or notes or have little outstanding debt;

20

(3) the cost of borrowed money to these municipalities is

21

or may be unnecessarily high due to lack of investor familiarity with

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the municipalities;

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(4) other municipalities in the state pay unnecessarily

24

high borrowing costs because of the distance of the state from capital

25

markets or may find borrowing difficult or impossible because of

26

temporary economic dislocation due to loss of employment or prospective

27

loss of employment.

28

Sec. 44.58.010. LEGISLATIVE POLICY. (a) It is the policy of

29

the state

1 security to the holders of the bonds or notes of the bond bank authority;

2 (3) the bond bank authority should conduct its operations
3 to provide the lowest rates in terms of borrowing to municipalities as
4 is consistent with a self-supporting operation with no expectation of
5 subsidization with state funds.

6 Sec. 44.58.020. MUNICIPAL BOND BANK AUTHORITY. There is created
7 the Alaska Municipal Bond Bank Authority. The authority is a public
8 corporation of the state. The corporation is an instrumentality of
9 the state within the Department of Revenue but has a legal existence
10 independent of and separate from the state and has continuing succession
11 until its existence is terminated by law. The exercise by the authority
12 of the powers conferred by this chapter is considered an essential
13 governmental function of the state.

14 Sec. 44.58.030. MEMBERSHIP AND VACANCIES. The bond bank authority
15 consists of the following five directors: the commissioner of revenue,
16 the commissioner of community and regional affairs, who shall each be
17 a director ex officio with voting privileges, and three directors
18 appointed by the governor. The appointment of each director other
19 than the commissioner of revenue and the commissioner of community and
20 regional affairs is subject to confirmation by the legislature. The
21 three directors appointed by the governor serve at his pleasure for
22 four-year terms. They must be residents of the state and qualified
23 voters at the time of appointment. The directors first appointed
24 shall have terms of two, three and four years respectively. Each
25 director shall hold office for the term of his appointment and until
26 his successor has been appointed and qualified. A director is eligible
27 for reappointment. A vacancy in a directorship occurring other than by
28 expiration of term shall be filled in the same manner as the original
29 appointment but for the unexpired term only. Each director before

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

1. Amendment
Page 124

2. 201 plan
3. p 9 Budget

Offered: 1/24/75
Referred: Community &
Regional Affairs and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

4. Lh

5. page 26 HOUSE BILL NO. 72

6. new sec = public records 44 5-8415
IN THE LEGISLATURE OF THE STATE OF ALASKA

7. Cro 21422
NINTH LEGISLATURE - FIRST SESSION

8. 22 - of the state A BILL

6 For an Act entitled: "An Act creating the Alaska Municipal Bond Bank
7 Authority and prescribing its organization, powers and
8 duties; and providing for an effective date."

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

10 * Section 1. AS 44 is amended by adding a new chapter to read:

11 CHAPTER 58. ALASKA MUNICIPAL BOND BANK AUTHORITY.

12 Sec. 44.58.005. LEGISLATIVE FINDINGS. The legislature finds
13 that

14 (1) the rapid growth of municipalities in the state and the
15 incorporation of new municipalities has created a demand for capital
16 improvements which can only be met by these municipalities' borrowing
17 money through the issuance of bonds or notes;

18 (2) many of these municipalities, although creditworthy,
19 either have not issued bonds or notes or have little outstanding debt;

20 (3) the cost of borrowed money to these municipalities is
21 or may be unnecessarily high due to lack of investor familiarity with
22 the municipalities;

23 (4) other municipalities in the state pay unnecessarily
24 high borrowing costs because of the distance of the state from capital
25 markets or may find borrowing difficult or impossible because of
26 temporary economic dislocation due to loss of employment or prospective
27 loss of employment.

28 Sec. 44.58.010. LEGISLATIVE POLICY. (a) It is the policy of
29 the state

1 (1) to foster and promote by all reasonable means the
2 provision of adequate capital markets and facilities for borrowing
3 money by municipalities in the state to finance capital improvements
4 or for other authorized purposes, to assist these municipalities in
5 fulfilling their capital needs and requirements by use of borrowed
6 money within statutory interest rate or cost of borrowing limitations,
7 to the greatest extent possible to reduce costs of borrowed money to
8 taxpayers and residents of the state, and equally to encourage continued
9 investor interest in the purchase of bonds or notes of municipalities
10 as sound and preferred securities for investment;

11 (2) to encourage municipalities to continue their independent
12 undertakings and financing of capital improvements and other authorized
13 purposes and to assist them by making capital funds available at
14 reduced interest costs for orderly financing of capital improvements
15 and other purposes especially during periods of restricted credit or
16 money supply, particularly for those municipalities not otherwise able
17 to borrow for capital needs.

18 (b) The legislature further declares that

19 (1) the exercise of the powers of the state in the interest
20 of its municipalities is required to further and implement the policies
21 declared in (a) of this section by authorizing the creation of a state
22 bond bank authority as a body corporate and politic that will have
23 full powers to borrow money and to issue its bonds and notes to make
24 capital funds available for borrowing by municipalities and by granting
25 broad powers to the bond bank authority to carry out the declared
26 policies which are in the public interest of the state and its taxpayers
27 and residents;

28 (2) state funds should be applied or authorized to be paid
29 to a state bond bank authority only to provide adequate assurance and

1 security to the holders of the bonds or notes of the bond bank authority;

2 (3) the bond bank authority should conduct its operations
3 to provide the lowest rates in terms of borrowing to municipalities as
4 is consistent with a self-supporting operation with no expectation of
5 subsidization with state funds.

6 Sec. 44.58.020. MUNICIPAL BOND BANK AUTHORITY. There is created
7 the Alaska Municipal Bond Bank Authority. The authority is a public
8 corporation of the state. The corporation is an instrumentality of
9 the state within the Department of Revenue but has a legal existence
10 independent of and separate from the state and has continuing succession
11 until its existence is terminated by law. The exercise by the authority
12 of the powers conferred by this chapter is considered an essential
13 governmental function of the state.

14 Sec. 44.58.030. MEMBERSHIP AND VACANCIES. The bond bank authority
15 consists of the following five directors: the commissioner of revenue,
16 the commissioner of community and regional affairs, who shall each be
17 a director ex officio with voting privileges, and three directors
18 appointed by the governor. The appointment of each director other
19 than the commissioner of revenue and the commissioner of community and
20 regional affairs is subject to confirmation by the legislature. The
21 three directors appointed by the governor serve at his pleasure for
22 four-year terms. They must be residents of the state and qualified
23 voters at the time of appointment. The directors first appointed
24 shall have terms of two, three and four years respectively. Each
25 director shall hold office for the term of his appointment and until
26 his successor has been appointed and qualified. A director is eligible
27 for reappointment. A vacancy in a directorship occurring other than by
28 expiration of term shall be filled in the same manner as the original
29 appointment but for the unexpired term only. Each director before

1 entering upon his duties shall take and subscribe to an oath to perform
2 the duties of his office faithfully, impartially, and justly to the
3 best of his ability. A record of the oath shall be filed in the
4 office of the governor.

5 Sec. 44.58.040. OFFICERS AND QUORUM. The directors shall elect
6 one of their number as chairman. The directors shall elect a secretary
7 and a treasurer who need not be directors, and the same person may be
8 elected to serve both as secretary and treasurer. The powers of the
9 bond bank authority are vested in the directors, and three directors
10 of the bond bank authority constitute a quorum. Action may be taken
11 and motions and resolutions adopted by the bond bank authority at any
12 meeting by the affirmative vote of at least three directors. A vacancy
13 in the directorship of the bond bank authority does not impair the
14 right of a quorum to exercise all the powers and perform all the
15 duties of the bond bank authority.

16 Sec. 44.58.050. BONDING OF MEMBERS. Before the issuance of
17 bonds or notes under this chapter, each director shall execute a
18 surety bond in the penal sum of \$25,000 and the treasurer shall execute
19 a surety bond in the penal sum of \$50,000. Each surety bond shall be
20 conditioned upon the faithful performance of the duties of the office
21 of the director or treasurer, to be executed by a surety company
22 authorized to transact business in the state as surety and filed in
23 the office of the lieutenant governor. After issuance of bonds or
24 notes by the bond bank authority each director shall maintain his
25 surety bond in force. All costs of the surety bonds shall be borne by
26 the bond bank authority.

27 Sec. 44.58.060. COMPENSATION AND EXPENSES. The directors of the
28 bond bank authority shall serve without compensation, but the bond
29 bank authority shall reimburse its directors for actual expenses

1 necessarily incurred in the discharge of their duties. Notwithstanding
2 any other law, an officer or employee of the state shall forfeit his
3 office or employment and any benefits by reason of his acceptance of
4 appointment to the office of director of the bond bank authority.

5 Sec. 44.58.070. STAFF. The bond bank authority shall employ an
6 executive secretary who may with the approval of the bond bank authority
7 select and employ additional staff as necessary. Employees and agents
8 of the bond bank authority other than legal counsel and the executive
9 secretary are in the classified service under AS 39.25. In addition
10 to its staff of regular employees, the bond bank authority may contract
11 for and engage the services of the bond counsel, consultants, experts,
12 and financial advisors the bond bank authority considers necessary for
13 the purpose of developing information, or conducting studies, investi-
14 gations, hearings or other proceedings.

15 Sec. 44.58.080. CONFLICT OF INTEREST. No officer, employee or
16 agent of the bond bank authority may have an interest, direct or
17 indirect, in any contract or proposed contract for services or materials
18 to be furnished to or used by the bond bank authority, other than for
19 his contract of appointment or employment. Neither the holding of an
20 office or employment in the government of the state or of a political
21 subdivision nor employment or interest in a private banking or financial
22 business or enterprise is a disqualifying interest per se. No director
23 appointed may be considered by reason of his employment or interest in
24 a private banking or financial business or enterprise to have a disquali-
25 fying interest per se. This section is not applicable to personnel
26 whose services are purchased by the bond bank authority on an independent
27 contract basis.

28 Sec. 44.58.090. POWERS OF BOND BANK AUTHORITY. The bond bank
29 authority may

- 1 (1) sue and be sued;
- 2 (2) adopt and alter an official seal;
- 3 (3) make and enforce bylaws and rules for the conduct of
4 its business and for the use of its services and facilities;
- 5 (4) maintain an office at any place in the state;
- 6 (5) acquire, hold, use and dispose of its income, revenues,
7 funds and money;
- 8 (6) acquire, rent, lease, hold, use and dispose of other
9 personal property for its purposes;
- 10 (7) borrow money and issue its negotiable bonds or notes
11 and provide for and secure their payment, provide for the rights of
12 their holders and purchase, hold and dispose of any of its bonds or
13 notes;
- 14 (8) fix and revise from time to time and charge and collect
15 fees and charges for the use of its services or facilities;
- 16 (9) accept gifts or grants from the United States, or from
17 any governmental unit or person, firm or corporation, carry out the
18 terms or provisions or make agreements with respect to the gifts or
19 grants, and do all things necessary, useful, desirable, or convenient
20 in connection with procuring, accepting or disposing of the gifts or
21 grants;
- 22 (10) do anything authorized by this chapter, through its
23 officers, agents or employees or by contracts with a person;
- 24 (11) make, enter into and enforce all contracts necessary,
25 convenient or desirable for the purposes of the bond bank authority or
26 pertaining to a loan to a political subdivision, a purchase or sale of
27 municipal bonds or other investments, or the performance of its duties
28 and execution of any of its powers under this chapter;
- 29 (12) purchase or hold municipal bonds at prices and in a

1 manner the bond bank authority considers advisable, and sell municipal
2 bonds acquired or held by it at prices without relation to cost and in
3 a manner the bond bank authority considers advisable;

4 (13) invest funds or money of the bond bank authority not
5 required at the time of investment for loan to political subdivisions
6 for the purchase of municipal bonds, in the same manner as permitted
7 for investment of funds belonging to the state, except as otherwise
8 provided in this chapter;

9 (14) prescribe the form of application or procedure required
10 of a political subdivision for a loan or purchase of its municipal
11 bonds, fix the terms and conditions of the loan or purchase, and enter
12 into agreements with political subdivisions with respect to loans or
13 purchases;

14 (15) render services to a political subdivision in connection
15 with a public or private sale of its municipal bonds, including advisory
16 and other services, and charge for services rendered;

17 (16) charge for its costs and services in review or consid-
18 eration of a proposed loan to a political subdivision or purchase by
19 the bond bank authority of municipal bonds of the political subdivision,
20 whether or not the loan is made or the municipal bonds purchased;

21 (17) fix and establish terms and provisions with respect to
22 a purchase of municipal bonds by the bond bank authority, including
23 date and maturities of the bonds, provisions as to redemption or
24 payment before maturity, and any other matters which in connection
25 with the purchase are necessary, desirable or advisable in the judgment
26 of the bond bank authority;

27 (18) procure insurance against any losses in connection with
28 its property, operations or assets in amounts and from insurers as it
29 considers desirable;

1 (19) to the extent permitted under its contracts with the
2 holders of bonds or notes of the bond bank authority, consent to
3 modification of the rate of interest, time and payment of installment
4 of principal or interest, security or any other term of a bond or
5 note, contract or agreement of any kind to which the bond bank authority
6 is a party; and

7 (20) do all acts and things necessary, convenient, or desir-
8 able to carry out the powers expressly granted or necessarily implied
9 in this chapter.

10 Sec. 44.58.100. LIMITATIONS. Under this chapter the bond bank
11 authority may not

12 (1) make loans of money to a person, firm or corporation
13 other than a municipality or purchase securities issued by a person,
14 other than a municipality except for investment as provided in this
15 chapter;

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

20 (3) be or constitute a bank or trust company within the
21 jurisdiction or under the control of a regulatory or supervisory board
22 or department of the state, or the Comptroller of the Currency of the
23 United States, or the Department of the Treasury, or Federal Reserve
24 Board of the United States; or

25 (4) be or constitute a bank, banker or dealer in securities
26 within the meaning of or subject to the provisions of securities,
27 securities exchange, or securities dealers law, of the United States
28 or of this state or of another state.

29 Sec. 44.58.110. ANNUAL REPORT AND AUDIT. Before October 1 of

1 each year the bond bank authority shall make a report of its activities
2 for the preceding fiscal year to the governor and to the legislature.
3 The report shall set out a complete operating and financial statement
4 covering its operations during the year. The bond bank authority
5 shall have an audit of its books and accounts made at least once in
6 each year by certified public accountants and the cost of the audit
7 shall be considered an expense of the bond bank authority and a copy
8 of the audit shall be filed with the commissioner of revenue *and the legislature*

9 Sec. 44.58.120. ANNUAL BUDGET. *new language* (a) *Not* later than January 1 of
10 each year the bond bank authority shall adopt an annual budget for the
11 succeeding fiscal year. The budget shall set out the general categories
12 of expected expenditures and the amount on account for each and shall
13 include a provision or reserve for contingencies and overexpenditures
14 as well as any additional material that the bond bank authority may
15 determine. Copies of the annual budget certified by the chairman of
16 the bond bank authority shall be promptly filed with the commissioner
17 of revenue and the director of the division of budget and management
18 in the Department of Administration. The annual budget is not effective
19 until filed.

20 (b) The bond bank authority may at any time adopt an amended
21 annual budget for the current fiscal year, but the amended annual budget
22 may not supersede any prior budget until the amended budget is approved
23 by the commissioner of revenue as reasonable and necessary and is
24 filed as required ~~in~~ the case of the annual budget.

25 Sec. 44.58.130. CARE AND CUSTODY OF BONDS. The bond bank authority
26 may enter into agreements or contracts with a bank, trust company,
27 banking or financial institution inside or outside the state as may be
28 necessary, desirable or convenient, in the opinion of the bond bank
29 authority, for rendering services in connection with the care, custody

1 or safekeeping of municipal bonds or other investments held or owned
2 by the bond bank authority, for rendering services in connection with
3 the payment or collection of amounts payable as to principal or interest
4 and for rendering services in connection with the delivery to the bond
5 bank authority of municipal bonds or other investments purchased by it
6 or sold by it, and to pay the cost of those services. The bond bank
7 authority may also, in connection with any of the services to be
8 rendered by a bank, trust company or banking or financial institution
9 as to the custody and safekeeping of its municipal bonds or investments,
10 require security in the form of collateral bonds, surety agreements or
11 security agreements in such form and amount as, in the opinion of the
12 bond bank authority, is necessary or desirable.

13 Sec. 44.58.140. EFFECT OF OBLIGATIONS. (a) Bonds and notes
14 issued under this chapter are not a debt or liability of the state and
15 do not create or constitute an indebtedness, liability or obligation
16 of the state, nor do they constitute a pledge of the faith and credit
17 of the state. All bonds and notes issued under this chapter, unless
18 funded or refunded by bonds or notes of the bond bank authority, are
19 general obligations of the authority to which the full faith and
20 credit of the authority are pledged to the payments of them, except to
21 the extent provided by the resolution authorizing the issuance of
22 them. Each bond and note must contain on its face a statement to the
23 effect that the bond bank authority is obligated to pay the principal
24 and interest on the instrument only from revenues or funds of the bond
25 bank authority and that the state is not obligated to pay the principal
26 or interest and that neither the faith and credit nor the taxing power
27 of the state is pledged to the payment of the principal of or the
28 interest on the bond or note.

29 (b) The state pledges to and agrees with the holders of the

1 bonds or notes issued under this chapter that the state will not limit
2 or restrict the rights vested in the bond bank authority to purchase,
3 acquire, hold, sell or dispose of municipal bonds or other investments
4 or to make loans to political subdivisions or to establish and collect
5 fees or other charges convenient or necessary to produce sufficient
6 revenues to meet the expenses of operation of the bond bank authority
7 and to fulfill the terms of any agreement made with the holders of its
8 bonds or notes or in any way impair the rights or remedies of the
9 holders of the bonds or notes until the bonds or notes, together with
10 the interest on the bonds or notes, and interest on unpaid install-
11 ments of interest, and all costs and expenses in connection with an
12 action or proceeding by or on behalf of the holders, are fully met,
13 paid and discharged.

14 Sec. 44.58.150. NEGOTIABILITY OF BONDS OR NOTES. Notwithstanding
15 other provisions of law, a bond or note issued under this chapter is
16 fully negotiable for all purposes of the Uniform Commercial Code
17 (AS 45.05), and a holder or owner of a bond or note, or of a coupon
18 appurtenant to it, by accepting the bond, note or coupon is conclusively
19 considered to have agreed that the bond, note or coupon is fully
20 negotiable for all purposes of the Uniform Commercial Code.

21 Sec. 44.58.160. BONDS OR NOTES AS LEGAL INVESTMENTS. Notwith-
22 standing the restrictions of any other law, all banks, trust companies,
23 savings banks and institutions, building and loan associations, savings
24 and loan associations, investment companies, and other persons carrying
25 on a banking business, all insurance companies, insurance associations,
26 and other persons carrying on an insurance business, and all executors,
27 administrators, guardians, trustees and other fiduciaries, may legally
28 invest sinking funds, money or other funds belonging to them or within
29 their control in bonds or notes issued under this chapter.

1 Sec. 44.58.170. TAX EXEMPTION. All property of the bond bank
2 authority is public property devoted to an essential public and govern-
3 mental function and purpose and is exempt from all taxes and special
4 assessments of the state or a political subdivision of the state. All
5 bonds or notes issued under this chapter are issued by a body corporate
6 and public of this state and for an essential public and governmental
7 purpose and the bonds and notes, and the interest and income on and
8 from the bonds and notes, and all fees, charges, funds, revenues,
9 income and other money pledged or available to pay or secure the
10 payment of the bonds or notes, or interest on the bonds or notes, are
11 exempt from taxation except for transfer, inheritance and estate
12 taxes.

13 Sec. 44.58.180. LOANS TO POLITICAL SUBDIVISIONS. (a) The bond
14 bank authority, to carry out the purposes and policies of this chapter,
15 may lend money to municipalities through the purchase by the bond bank
16 authority of municipal bonds of municipalities. The bond bank authority,
17 for this purpose, may issue its bonds and notes payable solely from
18 the revenues or funds available to the bond bank authority for such
19 payment and may otherwise assist municipalities as provided in this
20 chapter.

21 (b) To the extent that the commissioner of revenue is the custodian
22 of money payable to a municipality, at any time after written notice
23 to him from the bond bank authority that the municipality is in default
24 on the payment of principal or interest on municipal bonds of the
25 municipality then held or owned by the bond bank authority, the com-
26 missioner of revenue shall withhold the payment of that money from
27 that municipality until the amount of the principal or interest then
28 due and unpaid has been paid to the bond bank authority, or until the
29 commissioner of revenue has been advised that arrangements, satisfactory

1 to the bond bank authority, have been made for the payment of the
2 principal and interest.

3 Sec. 44.58.190. ISSUANCE OF BONDS AND NOTES. (a) The bond bank
4 authority may issue its bonds or notes in principal amounts that it
5 considers necessary to provide funds for any purposes under this
6 chapter, including

7 (1) the purchase of municipal bonds;

8 (2) the making of loans through the purchase of municipal
9 bonds;

10 (3) the payment, funding or refunding of the principal of,
11 or interest or redemption premiums on, bonds or notes issued by it
12 whether the bonds or notes or interest to be funded or refunded have
13 or have not become due;

14 (4) the establishment or increase of reserves to secure or
15 to pay bonds or notes or interest on bonds or notes and all other
16 costs or expenses of the bond bank authority incident to and necessary
17 or convenient to carry out its corporate purposes and powers.

18 (b) Except as otherwise provided in this chapter or by the bond
19 bank authority, every issue of bonds or notes shall be general obli-
20 gations payable out of the revenues or funds of the bond bank authority,
21 subject only to agreements with the holders of particular bonds or
22 notes pledging a particular revenue or fund. Bonds or notes may be
23 additionally secured by a pledge of a grant or contributions from the
24 United States or the state or a political subdivision or a person,
25 firm or corporation, or a pledge of income or revenues, funds or money
26 of the bond bank authority from any source whatsoever.

27 (c) Notwithstanding the provisions of (a) and (b) of this section,
28 the total amount of bond bank authority bonds and notes outstanding at
29 any one time, except bonds or notes issued to fund or refund bonds or

1 notes, may not exceed \$150,000,000.

2 (d) In deciding to purchase municipal bonds of a municipality, the
3 bond bank authority shall give preference ~~to municipal bonds of municip-~~
4 ~~alities actually experiencing, or with the prospect of experiencing,~~
5 ~~reduced economic growth by reason of the loss or prospective loss, in~~
6 ~~whole or in part, of a major employer, and~~ to the municipalities
7 referred to in sec. 5 of this chapter. In addition, the following,
8 listed in order of preference, are preferred purposes of the municipal
9 bonds that may be considered by the bond bank authority for purchase:
10 schools, waste water treatment facilities, fire protection and public
11 safety facilities, public health facilities and public transportation
12 facilities.

13 Sec. 44.58.200. FORM OF ISSUANCE. Bonds or notes of the bond
14 bank authority shall be authorized by resolution of the bond bank
15 authority and may be issued in one or more series and shall bear the
16 date, mature at the time, bear interest at the rate of interest each
17 year or within a maximum rate, be in the denomination, be in the form,
18 either coupon or registered, carry the conversion or registration
19 privileges, have the rank or priority, be executed in the manner, be
20 payable from the sources in the medium of payment at the place inside
21 or outside the state, and be subject to the terms of redemption, with
22 or without premium, as the resolution of the bond bank authority
23 provides.

24 Sec. 44.58.210. SALE PRICE. Bonds or notes of the bond bank
25 authority may be sold at public or private sale at the price the bond
26 bank authority determines.

27 Sec. 44.58.220. PAYMENT OR REFUNDING OF NOTES. The bond bank
28 authority may from time to time issue its notes under this chapter and
29 pay and retire or fund or refund the notes from proceeds of bonds or

1 of other notes, or from other funds or money of the bond bank authority
2 available for that purpose in accordance with a contract between the
3 bond bank authority and the holders of the notes.

4 Sec. 44.58.230. TERMS OF AGREEMENT WITH THE BOND- OR NOTEHOLDER.

5 In a resolution of the bond bank authority authorizing or relating to
6 the issuance of bonds or notes, the bond bank authority, in order to
7 secure the payment of the bonds or notes and in addition to its other
8 powers, may covenant and contract with the holders of the bonds or
9 notes

10 (1) to pledge to a payment or purpose all or a part of its
11 revenues to which its right then exists or may thereafter come into
12 existence, and the money derived from the revenues, and the proceeds
13 of any bonds or notes;

14 (2) to covenant against pledging all or a part of its
15 revenues, or against permitting or suffering a lien on those revenues
16 or its property;

17 (3) to covenant as to the use and disposition of payments
18 of principal or interest received by the bond bank authority on municipal
19 bonds or other investments held by the bond bank authority;

20 (4) to covenant as to establishment of reserves or sinking
21 funds, the making of provision for them, and the regulation and dis-
22 position of the reserves or sinking funds;

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

25 (6) to covenant as to bonds or notes to be issued, and
26 their limitations, terms and conditions, and as to their custody, and
27 as to the application and disposition of the proceeds of the bonds and
28 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 bonds or notes with respect to
6 a lien or security or as to the acceleration of the maturity of any
7 bonds or notes;

8 (9) to provide for the replacement of lost, stolen, destroyed
9 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 charged,
16 the amount to be raised each year or other period of time by charges
17 or other revenues, and as to the use and disposition to be made of the
18 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 operating
21 expenses, payment or redemption of bonds or notes, reserves or other
22 purposes and as to the use and disposition of the money held in those
23 funds;

24 (14) to establish the procedure, if any, by which the terms
25 of a 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
27 notes the holders of which must consent to amendment or abrogation,
28 and the manner in which the consent may be given;

29 (15) to covenant as to the custody of any of its property or

1 investments, their safekeeping and insurance, and the use and dis-
2 position 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 the principal or
6 interest of a municipal bond;

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 obligation of the
11 bond bank authority become or may be declared due and payable before
12 maturity and the terms and conditions upon which the declaration and
13 its consequences may be waived;

14 (18) to vest in a trustee inside or outside the state such
15 property, rights, powers and duties in trust as the bond authority may
16 determine, which may include any of the rights, powers and duties of a
17 trustee appointed by the holders of the bonds or notes, and to limit
18 or abrogate the right of the holders of the bonds or notes of the bond
19 bank authority to appoint a trustee under this chapter or limit the
20 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 a covenant or agree-
23 ment of the bond bank authority with the holders of its bonds or
24 notes;

25 (20) to agree with a corporate trustee which may be a trust
26 company or bank having the powers of a trust company inside or outside
27 the state, as to the pledging or assigning of revenues or funds in
28 which the bond bank authority has a right or interest, and may further
29 provide for such other rights and remedies exercisable by the trustee

1 as may be proper for the protection of the holders of bonds or notes
2 of the bond bank authority and not otherwise in violation of law, and
3 the agreement may also provide for the restriction of the rights of an
4 individual holder of bonds or notes of the bond 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 inside or outside the state;

8 (22) to limit the rights of the holders of bonds or notes to
9 enforce a 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. 44.58.240. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS.

19 The bond bank authority may purchase bonds or notes of the bond bank
20 authority out of its funds or money available for the purchase of its
21 own bonds and notes. The bond bank authority may hold, cancel or
22 resell the bonds or notes subject to and in accordance with agreements
23 with holders of its bonds or notes.

24 Sec. 44.58.250. BOND ANTICIPATION NOTES. Notwithstanding any

25 law applicable to a municipality as to the period for temporary financing
26 of a public improvement or purpose by issuance of its notes in antici-
27 pation of the issuance of permanent bonds or as to the renewal of bond
28 anticipation notes, the bond bank authority may purchase and the
29 municipality may issue bond anticipation notes and may renew them from

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

14 Sec. 44.58.260. DOCUMENTATION. All municipal bonds purchased,
15 held or owned by the bond bank authority, upon delivery to the bond
16 bank authority, must be accompanied by all documentation required by
17 the authority.

18 Sec. 44.58.270. PRESUMPTION OF VALIDITY. After issuance, all
19 bonds or notes of the bond bank authority shall be conclusively presumed
20 to be fully authorized and issued under the laws of the state, and a
21 person or a municipality is estopped from questioning their authori-
22 zation, sale, issuance, execution or delivery by the bond bank authority

23 Sec. 44.58.280. RESERVE FUND. (a) The bond bank authority
24 shall establish and maintain a special fund called the "Alaska municipal
25 bond bank authority reserve fund" in which there shall be deposited or
26 transferred

27 (1) all money appropriated by the legislature for the
28 purpose of the fund in accordance with the provisions of (g) of this
29 section;

1 (2) all proceeds of bonds required to be deposited in the
2 fund by terms of a contract between the bond bank authority and its
3 bondholders or a resolution of the bond bank authority with respect to
4 the proceeds of bonds;

5 (3) all other money appropriated by the legislature to the
6 reserve fund; and

7 (4) any other money or funds of the bond bank authority
8 which it decides to deposit in the fund.

9 (b) Subject to the provisions of (h) of this section, money in
10 the reserve fund shall be held and applied solely to the payment of
11 the interest on and principal of bonds of the bond bank authority as
12 the interest and principal become due and payable and for the retirement
13 of bonds; and the money may not be withdrawn if a withdrawal would
14 reduce the amount in the reserve fund to an amount less than the
15 required debt service reserve except for payment of interest then due
16 and payable on bonds and the principal of bonds then maturing and
17 payable and for the retirement of bonds in accordance with the terms
18 of a contract between the bond bank authority and its bondholders and
19 for which payments of other money of the bond bank authority is not
20 then available. As used in this subsection, "required debt service
21 reserve" means, as of the date of computation, the amount required to
22 be on deposit in the reserve fund as provided by resolution of the
23 bond bank authority.

24 (c) Money in the reserve fund in excess of the required debt
25 service reserve as defined in (b) of this section, whether by reason
26 of investment or otherwise, may be withdrawn at any time by the bond
27 bank authority and transferred to another fund or account of the bond
28 bank authority subject to the provision of (h) of this section.

29 (d) Money in the reserve fund may be invested in the same manner

1 and on the same conditions as permitted for investment of funds belonging
2 to the state or held in the treasury under AS 37.10.070; however, the
3 authority may agree with the bondholders to further limit these invest-
4 ments.

5 (e) For purposes of valuation, investments in the reserve fund
6 shall be valued at par or if purchased at less than par, at cost
7 unless otherwise provided by resolution of the bond bank authority.
8 Valuation on a particular date shall include the amount of interest
9 then earned or accrued to that date on the money or investments in the
10 reserve fund.

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

22 (g) in order to assure the maintenance of the required debt
23 service reserve in the reserve fund, the legislature shall appropriate
24 annually to the bond bank authority for deposit in the fund, the sum
25 certified by the chairman of the bond bank authority to the governor,
26 that is necessary to restore the fund to an amount equal to the required
27 debt service reserve. The chairman annually, before January 2, shall
28 make and deliver to the governor ^{and to the Legislature} his certificate stating the sum
29 required to restore the fund to that amount, and the sum so certified

1 ~~shall~~^{may} be appropriated and paid to the bond bank authority during the
2 then current state fiscal year. Nothing in this subsection creates a
3 debt or liability of the state.

4 (h) All amounts received on account of money appropriated to the
5 reserve fund referred to in (a)(3) of this section shall be held and
6 applied in accordance with (b) of this section; however, at the end of
7 each fiscal year any amount representing earnings or income received
8 on account of money appropriated to the reserve fund shall be trans-
9 ferred to the general fund *of the state*.

10 Sec. 44.58.290. ADDITIONAL FUNDS AND ACCOUNTS. The bond bank
11 authority may establish additional reserves or other funds or accounts
12 as may be, in its discretion, necessary, desirable, or convenient to
13 further the accomplishment of its purposes or to comply with the
14 provisions of any of its agreements or resolutions.

15 Sec. 44.58.300. APPLICATION OF FUNDS. Money or investments in a
16 fund or account of the bond bank authority established or held for
17 bonds, notes, indebtedness or liability to be paid, funded, or refunded
18 by issuance of bonds or notes, unless the resolution authorizing the
19 bonds or notes provides otherwise, shall be applied to the payment or
20 retirement of the bonds, notes, indebtedness or liability, and to no
21 other purpose.

22 Sec. 44.58.310. RIGHTS OF HOLDERS PARAMOUNT. In order to carry
23 out its purpose under this chapter of making loans to municipalities
24 by purchase of the municipal bonds of those municipalities and by
25 receipt of its income from service charges and from payments of interest
26 on the maturing principal of municipal bonds purchased and held by it,
27 and in order to produce revenues or income to the bond bank authority
28 sufficient at all times to meet its costs and expenses of operation

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

8 Sec. 44.58.320. DEFAULT IN PAYMENT. If the bond bank authority
9 defaults in the payment of principal or interest on an issue of notes
10 or bonds after they become due, whether at maturity or upon call for
11 redemption, and the default continues for 30 days, or if the bond bank
12 authority fails or refuses to comply with this chapter or defaults in
13 an agreement made with the holders of an issue of notes or bonds, the
14 holders of 25 per cent in the aggregate principal amount of the out-
15 standing notes or bonds of that issue, by instrument filed in the
16 office of the clerk of the district court of the first judicial dis-
17 trict and executed in the same manner as a deed to be recorded, may
18 appoint a trustee to represent the holders of those notes or bonds for
19 the purposes provided in this chapter.

20 Sec. 44.58.330. POWERS AND DUTIES OF TRUSTEE ON DEFAULT. (a)
21 A trustee appointed under sec. 320 of this chapter may, and shall in
22 his or its name, upon written request of the holders of 25 per cent in
23 principal amount of the outstanding notes or bonds,

24 (1) by civil action enforce all rights of the noteholders
25 or bondholders, including the right to require the bond bank authority
26 to collect rates, charges and other fees and to collect interest and
27 amortization payments on municipal bonds and notes held by it adequate
28 to carry out an agreement as to, or pledge of, the rates, charges and
29 other fees and of the interest and amortization payments, and to

1 require the bond bank authority to carry out any other agreements with
2 the holders of the notes or bonds and to perform its duties under this
3 chapter;

4 (2) bring a civil action upon the notes or bonds;

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

8 (4) by civil action enjoin anything which may be unlawful
9 or in violation of the rights of the holders of the notes or bonds;

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

14 (6) the trustee, in addition to the foregoing, has all the
15 powers necessary for the exercise of functions specifically set out
16 or incident to the general representation of bondholders or note-
17 holders in the enforcement and protection of their rights.

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

22 Sec. 44.58.340. PERSONAL LIABILITY. Neither a member of the
23 bond bank authority nor a person executing bonds or notes issued under
24 this chapter is liable personally on the bonds or notes.

25 Sec. 44.58.350. EXEMPTION FROM EXECUTION AND SALE. All property
26 of the bond bank authority is exempt from levy and sale by virtue of
27 an execution and no execution or other judicial process may issue
28 against the property. A judgment against the bond bank authority may
29 not be a charge or lien upon its property; however, nothing in this

1 section applies to or limits the rights of the holder of bonds or
2 notes to pursue a remedy for the enforcement of a pledge or lien given
3 by the bond bank authority on its revenues or other money.

4 Sec. 44.58.360. LIEN OF PLEDGE. A pledge of revenues or other
5 money made by the bond bank authority is binding from the time the
6 pledge is made. Revenues or other money so pledged and thereafter
7 received by the bond bank authority are immediately subject to the
8 lien of the pledge without any further act, and the lien of a pledge
9 is binding against all parties having claims of any kind in tort,
10 contract or otherwise against the bond bank authority, regardless of
11 whether the parties have notice of the lien. Neither the resolution
12 nor any other instrument by which a pledge is created needs to be
13 filed or recorded except in the records of the bond bank authority.

14 Sec. 44.58.370. INSURANCE OR GUARANTY. The bond bank authority
15 may obtain from a department or agency of the United States, or a non-
16 governmental insurer available insurance or guaranty for the payment
17 or repayment of interest or principal, or both, or any part of interest
18 or principal, on bonds or notes issued by the bond bank authority, or
19 on municipal bonds of municipalities purchased or held by the bond
20 bank authority.

21 Sec. 44.58.380. SURETY FOR DEPOSITS BY BANK. All banks, trust
22 companies, savings banks, investment companies and other persons
23 carrying on a banking business are authorized to give to the bond bank
24 authority a good and sufficient undertaking with such sureties as are
25 approved by the bank to the effect that the bank or banking institution
26 shall faithfully keep and pay over to the order of or upon the warrant
27 of the bond bank authority or its authorized agent all those funds
28 deposited with it by the bank and agreed interest under or by reason
29 of this chapter, at such times or upon such demands as may be agreed

1 with the bank or in lieu of these sureties, deposit with the bond bank
2 authority or its authorized agent or a trustee or for the holders of
3 bonds, as collateral, those securities as the bond bank authority may
4 approve. The deposits of the bond bank authority may be evidenced by
5 an agreement in the form and upon the terms and conditions that may be
6 agreed upon by the bond bank authority and the depository bank or
7 banking institution.

8 Sec. 44.58.390. EXPENSES OF ADMINISTRATION. All expenses incurred
9 in carrying out this chapter are payable solely from revenues or funds
10 ^{appropriated} provided under this chapter and nothing in this chapter authorizes the
11 bond bank authority to incur an indebtedness or liability on behalf of
12 or payable by the state.

13 Sec. 44.58.400. COOPERATION BY GOVERNMENT AGENCIES. All officers,
14 departments, boards, agencies, divisions and commissions of the state
15 shall render services to the bond bank authority that are within the
16 area of their respective governmental functions and that may be re-
17 quested by the bond bank authority and must comply promptly with any
18 reasonable request by the bond bank authority relating to making of a
19 study or review as to desirability, need, cost or expense, or financial
20 feasibility with respect to a public project, purpose or improvement,
21 or the financial or fiscal responsibility or ability of a political
22 subdivision making application for loan to the bond bank authority and
23 for the purchase by the bond bank authority of municipal bonds to be
24 issued by that municipality. The cost and expense of a service re-
25 quested by the bond bank authority, at the request of the officer,
26 department, board, agency, division or commission rendering the service,
27 shall be paid by the bond bank authority.

28 Sec. 44.58.410. DEFINITIONS. In this chapter, unless the context
29 requires otherwise,

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

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

5 (3) "municipal bond" means a bond or note or evidence of
6 debt which constitutes a direct and general obligation of a political
7 subdivision of the state, all the taxable property within which is
8 subject to taxation to pay the bond, note or evidence of debt, and the
9 interest without limitation, as to rate or amount generally or to
10 avoid a default as provided for second class cities under AS 29.53.410;

11 (4) "municipality" means a home rule or general law city or
12 borough including but not limited to a unified municipality organized
13 under AS 29.68;

14 (5) "notes" means notes of the bond bank authority issued
15 under this chapter;

16 (6) "public body" means a public body corporate and politic
17 or a political subdivision of the state established under any law of
18 the state which may issue municipal bonds;

19 (7) "reserve fund" means the Alaska municipal bond bank
20 reserve fund established under sec. 280 of this chapter;

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

26 *new sec 415*
27 Sec. 44.58.420. SHORT TITLE. This chapter may be cited as the
28 Alaska Municipal Bond Bank Authority Act.

29 * Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

(16) the members, executive secretary and legal counsel of

1 the Alaska Municipal Bond Bank Authority.

2 * Sec. 3. This Act takes effect immediately in accordance with the
3 provisions of AS 01.10.070(c).

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Local Government Facing a Challenge

The Road to Lower NIC: Bond Banks

May Deter Sound Public Policy

BY MERRILL RING & CAROL A. ARCAESE

THE STATE BOND BANK concept has stirred considerable discussion in a number of state legislatures and public interest groups since first being enacted in Vermont in 1969. Following its introduction, the States of Maine and New York and the Commonwealth of Puerto Rico created similar bond-bank vehicles, while such other states as Alaska, Connecticut, Florida, Illinois, Missouri, Oregon and Washington have weighed like action as well.

Although the details may vary, the basic rationale for all such legislation is to obtain lower interest rates for local units of government by broadening the market for their debt securities.

The level of interest rates on municipal borrowings is largely a function of credit rating, issue size and institutional investment appeal. In some states, there is an appreciable penalty cost to small borrowers because of their relatively low and non-rated credit status, the limited absorptive capacity of local markets and the comparative illiquidity of minor names by reason of insufficient market identity, the modest quantity of their outstandings, infrequency of debt offerings and usually small par value of new issues.

Each of these market impediments may be overcome, according to bond bank proponents, by assimilating the small borrower under the aegis of the state through the creation of a debt vehicle of a size and credit substance which could draw support from the national investment stream and command lower interest rates as a result. This vehicle, as conceived, would pool the debt securities of local governments and offer such debt in single issues payable in the first instance on a pro-rata basis from the revenues of the benefited localities. The ultimate

security to the investor would reside in the moral obligation of the state for debt repayment. Having so obtained the proper size and credit substance, the lower borrowing rate accruing to bond banks would be reflected accordingly in reduced interest costs to participating local governments.

- Inflating or increasing local government programs.
- Weakening the sub-state government structure.
- Sapping state resources as a whole through the unrestricted use of the moral obligation pledge.

HOW THEY FUNCTION

The bond banks of Vermont, Maine and Puerto Rico function in practice by purchasing local bond issues with the proceeds of their own securities, totaling in sum the aggregate par value of component borrowings plus a reserve fund typically equal to maximum annual debt service.

As principal and interest on the bank's bonds fall due, the bank passes through to the bondholders the debt service payments collected from the participating local governments. Should any of the underlying local governments fail to meet the repayment commitment, funds are drawn down from the reserve fund to cover the deficiency. The bond bank may then be required to notify the state of the deficiency and request that the legislature appropriate the necessary monies to replenish the fund. Remedial action for the defaulting government may include withholding of any state funds until a satisfactory credit arrangement is obtained.

At best, bond banks constitute an artificial marketing device providing short-term relief to a complex problem. Lowering the financing costs of local governments by the use of bond banks is analogous to the manufacturer who chooses to shore up his declining share of the market by redesigning the package rather than by improving the product.

At worst, bond banks may serve as a deterrent to sound public policy by:

- Sustaining governmental fragmentation.

FRAGMENTATION

Most states have far more political subdivisions than necessary to perform municipal services proficiently on a home-rule basis. Although a few states have sought to deter further fragmentation of local government by providing incentives for consolidation and preventing the creation of additional special districts, most states have left the choice in the hands of local governments. Without the impetus of either carrot or stick, few such entities have opted for consolidation because of geographic, political, legal or fiscal considerations. Nonetheless, it has become increasingly clear in recent years that a variety of local government services could be performed more effectively and at lower cost on a county- or region-wide basis.

The day is largely past, for example, when a local entity could construct and operate its own water or sewage treatment plant to its own specifications without regard for the surrounding area comprising the watershed. In many states and districts adequate water supply and sewerage facilities are regional problems demanding a regional solution. Similarly, in the educational sector, the disparity in plant, personnel, tax rate and programs of neighboring school districts could be eased or eliminated by an artful consolidation of such units. In the broader context of housing, transportation and economic development, few communities of themselves have the necessary revenue base to meet the challenges effectively.