

LDIR#123

MUNICIPAL

CODE

MATERIALS

1966-1967



ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

WASHINGTON, D.C. 20575

File

December 22, 1967

Mr. Gregory Machyowsky
Legislative Counsel
Legislative Affairs Agency
Pouch Y, State Capitol
Juneau, Alaska 99801

Dear Mr. Machyowsky:

Thank you very much for your response to our inquiry concerning Alaska home rule. Your comments on developments so far, as well as the statutory and judicial citations, give us a very helpful picture of how the "residual powers" approach to home rule is working there.

Coincidentally, we had a request just recently from Victor Fischer, Director of the Institute of Social, Economic and Government Research at the University of Alaska, for any suggestions on material for use in an article he is preparing on Alaska home rule. We took the liberty of sending him a copy of your letter and suggested he get in touch with you.

Thank you again for your kind assistance.

Sincerely yours,

Albert J. Richter

Albert J. Richter
Senior Analyst

TITLE 7

BOROUGH ACT

PRESENT A.S. NUMBER

PROPOSED CODE NUMBER

CHAPTER 05. THE UNORGANIZED BOROUGH

07.05.010	29.03.010
07.05.020	29.03.020
07.05.030	deleted

CHAPTER 10. INCORPORATION OF AN ORGANIZED BOROUGH.

07.10.010	29.18.050
07.10.020	29.18.050
07.10.030	29.18.030
07.10.040	29.23.020
07.10.050	29.18.090
07.10.060	29.18.060
07.10.070	29.18.060
07.10.080	29.18.070
07.10.090	29.18.080
07.10.100	29.18.080
07.10.110	29.18.090
07.10.120	29.18.110
07.10.123	29.18.160
07.10.125	29.68.010, 29.68.030 & 29.68.130
07.10.130	29.18.140
07.10.140	29.18.150
07.10.150 - 07.10.170	29.18.180 &

CHAPTER 15. POWERS OF FIRST AND SECOND CLASS BOROUGH.

ACCOUNTING OF SECTIONS

TITLE 29. MUNICIPAL CORPORATIONS

PRESENT A.S. NUMBER

PROPOSED CODE NUMBER

CHAPTER 05. CLASSIFICATION OF CITIES

29.05.010	29.08.010
29.05.020	29.08.010, 29.13.100
29.05.030	29.08.020-29.08.030
29.05.040	29.08.020

CHAPTER 8. HOME RULE CITIES

29.08.010	29.13.100
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CHAPTER 10. FIRST CLASS CITIES
Article 1. Incorporation.

29.10.003	29.08.030-050
29.10.006	29.18.010, 29.18.050
29.10.009	29.18.060-080,
29.10.012	29.18.100-110
29.10.015	29.18.110(b)
29.10.018	29.18.110(d)
29.10.021	29.18.120(a)
29.10.024	29.13.120
29.10.027	29.13.120
29.10.030	29.23.500
29.10.033	29.23.200, 29.23.250
29.10.036	29.23.200
29.10.039	29.28.015
29.10.042	29.28.015
29.10.045	29.28.010
29.10.051	29.28.020
	29.23.250, 29.23.250
	29.23.570

FOSTER & MARSHALL INC.

INVESTMENT BANKERS AND BROKERS

SEATTLE SPOKANE
EVERETT OLYMPIA

400 NORTON BUILDING
SEATTLE, WASHINGTON 98104
MAIN 4-7100

MEMBERS
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE (ASSOCIATE)

May 12, 1966

Mr. James Nordale
Deputy Director
Local Affairs Agency
Box 710
Juneau, Alaska

Re: Municipal Financial Legislation

Dear Jim:

Now that the Session is over, we are apparently faced with a rewriting or re-assessment of some of the legislation that did not pass in 1966. Certainly you and I are interested in the municipal debt portions of the Municipal Code and the House Bills 487 and 482.

I wrote to Greg Machyowski of the Legislative Council and offered any assistance that he might need in the implementation of HCR 42. It is hoped that he will write me regarding this.

I would appreciate hearing from you and Ron regarding your feelings at this time on the municipal debt portion of the Municipal Code and the provisions provided in House Bill 487 and 482. Also, Jim, I would like very much to get a copy of the most current revision of the Municipal Code, Chapter 58--MUNICIPAL DEBT.

If either you or Ron Cease or Greg Machyowski are coming to Seattle, please let me know. Many of the areas that we discussed in your office several weeks ago should be brought up and re-evaluated.

Sincerely,

FOSTER & MARSHALL INC.



Thomas J. Dowd

TJD:cb

cc: Mr. Greg Machyowski, Legislative Council

Bonding Study

FOSTER & MARSHALL INC.

INVESTMENT BANKERS AND BROKERS

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MEMBERS
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE (ASSOCIATE)

April 12, 1966

Mr. James D. Nordale
Deputy Director
State of Alaska
Local Affairs Agency
Box 710
Juneau, Alaska

Dear Jim:

Thank you very much for your hospitality and for a very informative discussion on March 29.

In my discussions with the members of the House and Senate, specific suggestions for the improvement of the Bills were made. However, the most important factor that was brought out in each of these discussions, and in the discussion that you, Ron Cease, and I had, was that there are dangers in putting forth extremely broad legislation of this type in Alaska today. It is undoubtedly true that there are areas which should be curtailed or discouraged. However, these areas should be left to the discretion of the cities or boroughs since they must be weighed in light of the credits and size of each. To make broad general legislation, it is almost imperative that a homogeneity of situations should exist. I think we are all agreed that this homogeneity of situations does not exist in Alaska. Some boroughs and cities are obviously more attractive, have better credits, are more prosperous, and have different requirements than their brother cities and boroughs. It is this difference that brings about the necessity of "tailor making" legislation in Alaska to fit the smallest village and the largest borough. Certainly none of us wants to see the little cities or less populous boroughs find themselves in a position where a legal roadblock has been put before them in the area of municipal bonds.

It is honestly and sincerely felt that the provisions of Senate Bill 101 and other legislation in the House would definitely be placing the very communities that need financing to grow and prosper in a position to suffer from the proposed legislation.

Sincerely,

Thomas J. Dowd

TJD:cb
cc: Mr. Greg Machyowski

FOSTER & MARSHALL INC.

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MEMBERS
NEW YORK STOCK EXCHANGE
AMERICAN STOCK EXCHANGE (ASSOCIATE)

November 7, 1966

November 7, 1966

We hope to hear from someone with regard to action being taken by the League of Local Affairs Agency.

Very truly yours,

FOSTER & MARSHALL INC.

Mr. Joseph Henri
City Attorney
City of Juneau
Municipal Building
155 South Seward Street
Juneau, Alaska

Thomas J. (Tom)

RE: Municipal Code - Chapter 58

Dear Joe: Dan Berry

cc: Mr. Jim Hordale

It was good to see you in Fairbanks and again in Anchorage. Also, I appreciated your kind words at the Convention regarding our firm's efforts in behalf of the League on Chapter 58 of the Municipal Code.

Your concern about the bond law provisions of the Municipal Code is certainly shared by both Investment and Commercial Bankers. It is my personal feeling that if the present provisions of Chapter 58 are enacted into law, the State of Alaska will impose a great penalty on its own cities and towns.

One Bond Counsel has gone as far as to say that the vague wording of some of this bill might preclude a legal opinion on bonds issued under its provisions. This would be very harmful and would be the worst thing possible. Joe, there are areas where the provisions are so strict as to possibly limit some cities from bonding - such as 29.58.200.

I guess all that really must be stated again is the last paragraph from our Comments on Chapter 58 of the Alaska Municipal Code, "Municipal Debt" sent to you in June:

"The present wording of Chapter 58 of the Municipal Code of Alaska, Second Committee Substitute, is potentially detrimental. If you feel that the suggestions outlined here are valid, use them. If you feel that they do not apply, or lack merit, reflect on the alternatives and decide accordingly. Please do not just forego comment or let the present wording go through because you find time prohibits you from looking for better phrasing. It is better to let the law be mute on a point than to pass harmful or impractical legislation."

FOSTER & MARSHALL INC.

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MEMBERS
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AMERICAN STOCK EXCHANGE (ASSOCIATE)

COMMENTS ON CHAPTER 58 OF THE ALASKA MUNICIPAL CODE, "MUNICIPAL DEBT"

Bearing in mind that it is extremely difficult for anyone to divorce himself from his background and those factors which affect his livelihood, I have attempted to be as objective as possible in compiling the following suggestions for your review.

Bond and Tax Anticipation Notes

There are certainly times when short-term financing must be accomplished. What the Municipal Code should do is provide to the cities in Alaska a vehicle by which short-term financing can be accomplished, and at the same time preclude any potential abuses of the tax-exempt privilege of municipal securities.

As a matter of good public policy, tax anticipation notes and bond anticipation notes should be used only for obtaining funds for purposes other than investment. The provisions of the proposed Municipal Code appear to be in agreement with this policy.

In Section 29.58.010 and throughout the Code, there are references to "non-negotiable" notes and bonds. It is difficult for me to see why any city or borough would want to issue non-negotiable bonds: to my knowledge, no non-negotiable bonds have ever been sold. The marketing of non-negotiable bonds in the secondary market would be impossible. It is suggested that the word "non-negotiable" be stricken from the Code in each place it appears.

Section 29.58.080 of the Code states, "Notes, new notes, and renewals of notes shall not be outstanding for a total elapsed time of more than three years unless the 20 year bond average interest rates which exist three months before the maturity date of the notes are higher than the rates which existed upon issuance of the original notes." This is confusing and could be open to dispute. If you want to tie the length of notes to the "Bond Buyer Twenty Bond Index," then state this specifically.

The confusion arises because "Bond Buyer," "Moody's," "Standard and Poor," and "Wall Street Journal" all have what they call a "20-year bond average" and they are not the same. Therefore, stipulate exactly which Index you are to use, and stipulate further that the indices to be used are those which represent the first week of the month. (This is the historical standard that the "Bond Buyer" uses as a measure of change.)

It would be advisable to eliminate utility revenue bond anticipation notes altogether. If a municipality is going to borrow money to build a revenue producing

HOUSE BILL NO. 185

TITLE 29. MUNICIPAL GOVERNMENT

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