

Senate CS for 2d CS for House Bill 23 (FIN)  
Version 28-LS0141\R

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***Section 1: Amends AS 19.75.021 Establishment of the Authority (KABATA)***

Amends existing law to prevent the dissolution of KABATA until bonds issued by the State are satisfied.

***Section 2: Amends AS 19.75.111 Powers and Duties of Authority (KABATA)***

Amends existing law to allow KABATA to enter into an agreement with the State to pledge residual toll revenues to pay debt service incurred by the State.

***Section 3: Amends AS 19.75.211 Bonds of the Authority (KABATA)***

Amends existing law to require the State Bond Committee to evaluate whether toll revenues are adequate for payment of the principal and interest on bonds issued by the State before KABATA may issue additional toll revenue bonds.

***Section 4: Amends AS 19.75.221 Trust Indentures and Trust Agreements; Funds and Reserves (KABATA)***

Amends existing law to require that if KABATA issues bonds in addition to the toll revenue bonds issued by the State, KABATA's trust agreement would require the authority to agree to keep tolls at a level sufficient to cover any prior toll revenue pledges made to support previously issued State toll revenue bonds.

***Section 5: Amends AS 19.75.231 Validity of Pledge***

Amends existing law to express the Legislature's intent that a toll revenue pledge made by KABATA to support bonds issued by the State is valid and shall give rise to a lien against toll revenues.

***Section 6: Establishes the Framework for Issuance of Toll Revenue Bonds for a Toll Bridge***

**AS 37.15.225 – Bond Authorization**

Net proceeds of the sale of bonds remaining after payment of costs of issuance and after deposit to the Bond Reserve Fund, shall be transferred to the Knik Arm Bridge & Toll Authority. The net proceeds may be held by a trustee to be disbursed to pay the costs of a toll bridge, as set out in a trust agreement.

Accrued interest paid on the bonds shall be deposited into the Bond Redemption Fund.

Prior to the issuance of bonds, the State Bond Committee will notify the Legislature.

**AS 37.15.230 – Provides for a Toll Bridge Revenue Bond Limit**

The total unpaid principal amount of revenue bonds may not exceed \$300,000,000.

**AS 37.15.235 Establishes a Toll Bridge Revenue Fund**

Revenue received by the State, by contract with the authority, from the ownership or operation of the toll bridge and facilities, shall be deposited in this fund.

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Contracts or other agreements with the authority may establish priorities for the payment of operations and maintenance costs and for the payment of other obligations (including debt obligations of the authority), prior to payments to be made by the authority to the State for deposit into this fund.

Revenue in the fund may be used only for:

1. Pay or secure payment of the principal of and interest on bonds;
2. Redeem bonds before the fixed maturity date; and
3. Subject to appropriation by the Legislature, for any other purpose for which federal funds may be obligated by the State under 23 U.S.C. 129(a)(3).

**AS 37.15.240 Establishes the Toll Bridge Revenue Bond Redemption Fund**

A trust fund for paying and securing the payment of the principal and interest on the bonds authorized under AS 37.15.225 - 37.15.285 is created. There is no limitation on the source of funds that may be deposited into the fund, only that funds in this account are to be used to pay principal and interest on bonds issued under AS 37.15.225 – 37.15.285.

**AS 37.15.245 Establishes Bond Terms**

Provides discretion for the state bond committee to determine the manner, amount, timing, and maturity date for the issuance of bonds under AS 37.15.225 – 37.15.285. Interest rates may be fixed or variable.

Requires the state bond committee to consider the best interests of the State when setting the terms of bond issuance and requires the final bond terms be expressed through a resolution of the bond committee.

**AS 37.15.250 Bond Resolution**

Provides that the bond committee shall authorize the issuance of the bonds by adopting a resolution. The resolution may fix the principal amount, denominations, date, maturities, manner of sale, place or places of payment, terms, form, conditions and covenants of the bonds.

**AS 37.15.255 Bond Reserve Fund**

The resolution authorizing the issuance of bonds, may provide for the establishment and maintenance of a special fund – The Toll Bridge Revenue Bond Reserve Fund.

The fund will consist of:

1. All proceeds of the bonds required to be deposited into the fund by terms of the bond resolution or a trust agreement;
2. An amount equal to the required debt service reserve, as determined by the Commissioner of Revenue; and
3. Appropriations approved by the Legislature.

Money in the fund will be applied solely to the payment of the interest and principal on bonds authorized and issued under AS 37.15.225 – 37.15.285.

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Money in the reserve fund, excess of what is required for the debt service reserve, may be withdrawn or may be transferred to the bond redemption fund.

Bonds may not be issued under a trust agreement, indenture, or bond resolution unless the required debt service reserve for the bonds is in the reserve fund.

If the funds in the fund fall below the required debt service reserve amount, as determined by bond committee, the Commissioner of Revenue will notify the Governor and the Legislature of the amount of funds necessary to restore the account to an amount sufficient to meet the required debt service. The Legislature then has the discretion of appropriating funds to replenish the fund to an amount equal to the required debt service reserve.

**AS 37.15.260 Enforcement by Bond Owner**

Provides that bondholders, or their trustees, may enforce their rights (transfer, set aside, payment of money, and the enforcement of all terms, conditions, and covenants) in superior court.

**AS 37.15.265 Amounts Required for Payments**

Starting with the year in which bonds are issued, the bond committee will certify to the Commissioners of Revenue and Administration, the amount, required for the next two fiscal years, to be paid from toll revenues or other state appropriations to:

1. The Bond Redemption Fund – to pay the principal and interest
2. The Bond Reserve Fund – to maintain the required debt service reserve

**AS 37.15.270 Refunding**

Provides the bond committee with the authority to refund parts or all of the bonds at or before the maturity or redemption date, if refunding is advantageous to or in the best interest of the State. All of the provisions that relate to the issuance of bonds under AS 37.15.225 – 37.15.285 are applicable to the refunding bonds.

**AS 37.15.275 Bonds as Legal Investments**

Provides that the bonds are legally enforceable securities that can be purchased by individual and institutional investors.

**AS 37.15.285 Definitions**

***Section 7: Effective Date Clause***

Provides for a July 1, 2014 effective date.