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IN THE HOUSE

BY MESSRS. STRANDBERG AND
BOARDMAN

HOUSE BILL NO. 7

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the establishment of a
state transportation authority; and provid-
ing for an effective date."

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

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

CHAPTER 60. ALASKA TRANSPORTATION AUTHORITY

ARTICLE 1. CREATION AND ORGANIZATION

Sec. 44.60.010. ALASKA TRANSPORTATION AUTHORITY. The
Alaska Transportation Authority is established as a public
body corporate and politic.

Sec. 44.60.020. ALASKA TRANSPORTATION AUTHORITY BOARD.
The Alaska Transportation Authority Board is established as
the governing body of the authority.

Sec. 44.60.030. APPOINTMENT AND COMPOSITION OF BOARD.
(a) The board consists of seven members who are residents
of the state. Members of the board are appointed by the
governor and they serve at his pleasure. No more than four
members may be of the same political party.

(b) The appointment of members to the board must be
confirmed by the legislature meeting in joint session. A
member may act and receive compensation from his appointment
until his confirmation or rejection by the legislature.

(c) Public officers or employees are eligible for
appointment to the board without forfeiture of any public

1 office, position or employment.

2 Sec. 44.60.040. TERM OF OFFICE. The term of service
3 for a member of the board is five years. The term of one
4 member shall expire on February 1 of each year, except that
5 on February 1 of the third and fifth years the terms of two
6 members shall expire. A member appointed to fill a vacancy
7 occurring other than by expiration of a term shall serve for
8 the unexpired term of the member he succeeds.

9 Sec. 44.60.050. CONFLICT OF INTEREST. No member of
10 the board may be associated with any public service corpora-
11 tion which provides a service for profit similar to any of
12 the services of the authority, nor may a member have any
13 interest in a business that may be favorably or unfavorably
14 affected by the authority.

15 Sec. 44.60.060. OFFICERS. At the first regular meeting
16 of every odd-numbered year the board shall elect from among
17 its members a chairman, a vice chairman and a secretary.
18 The commissioner of revenue shall be the treasurer of the
19 authority without voting rights or additional compensation.

20 Sec. 44.60.070. COMPENSATION AND EXPENSES. Members of
21 the board receive no salary, but are entitled to per diem
22 and travel expenses authorized by law for other boards for
23 time spent in the service of the authority.

24 Sec. 44.60.080. BOARD MEETINGS. (a) The meetings of
25 the board are public.

26 (b) The board shall keep minutes of each meeting and
27 send a certified copy to the governor.

28 Sec. 44.60.090. QUORUM. Four members constitute a
29 quorum for the transaction of business unless the bylaws

1 require a larger number.

2 Sec. 44.60.100. PUBLIC HEARINGS. The board shall hold
3 public hearings before it sets or alters charges or termi-
4 nates a service.

5 Sec. 44.60.110. OATH AND BOND. Members of the board
6 shall take the oath required of all public officers, and
7 shall execute an official bond to the state in the amount of
8 \$5,000 with satisfactory sureties approved by the commission-
9 er of revenue. The oath and bond shall be filed with the
10 commissioner of revenue.

11 Sec. 44.60.120. EXECUTIVE DIRECTOR AND EMPLOYEES OF THE
12 AUTHORITY. (a) The board may employ a person as the execu-
13 tive director of the authority. He shall be professionally
14 trained and experienced in the performance of his duties.
15 The selection of the executive director is subject to the
16 approval of the governor. The executive director shall not
17 have any interest in a business that may be affected, favor-
18 ably or unfavorably, by the operation of the authority. The
19 board may delegate to the executive director the powers and
20 duties it considers proper.

21 (b) The board shall, under the merit principle, deter-
22 mine the number of officers and employees of the authority
23 and their compensation and duties.

24 ARTICLE 2. POWERS AND DUTIES

25 Sec. 44.60.140. POWER OF AUTHORITY. (a) The authority
26 is established to construct, acquire, maintain, and operate
27 airports and landing fields; bridges; ferry boats, ferry
28 systems, slips and terminals; ports and port and harbor
29 facilities, which may include an examination of the coast

1 line to determine what prospective harbor areas should be
2 reserved for development; railroads; tunnels; and any other
3 transportation project which is in the interest of the public,
4 whether on the state, regional, or local level.

5 (b) The authority has, but is not limited to, the
6 following powers:

7 (1) sue and be sued in its official corporate
8 name, provided that suits for an injunction cannot be brought
9 against it without the approval of the attorney general;

10 (2) make contracts;

11 (3) acquire through gift, grant, purchase, lease,
12 the powers of eminent domain, or otherwise, and hold, use,
13 enjoy, lease, sell, or otherwise dispose of any and all real
14 and personal property;

15 (4) fix, alter, and collect charges for the use
16 of its projects, or its services, at reasonable rates deter-
17 mined by the authority for the purpose of providing for the
18 payment of the general expenses of the authority, the con-
19 struction, acquisition, and operation of its projects and
20 properties, the payment of the principal of and interest on
21 its obligations, and to fulfill the terms and provisions of
22 any agreement made with the purchasers or holders of its
23 obligations;

24 (5) borrow money, make and issue negotiable notes,
25 bonds, and other evidences of indebtedness or obligations of
26 the authority; secure the payment of its bonds, or any part
27 of them, by establishing a lien on all or part of its reven-
28 ues and by making agreements with the purchasers or holders
29 of its bonds or with others in connection with its bonds,

1 whether issued or to be issued; and in general to provide
2 for the security of its bonds and the rights of the holders;

3 (6) borrow money and accept grants of real and
4 personal property from and enter into contracts, leases or
5 other transactions with the federal government;

6 (7) enter on any lands, waters and premises for
7 the purpose of making surveys, soundings and examinations;

8 (8) enter into agreements with the state, any of
9 its political subdivisions or other public agencies for the
10 undertaking of any project;

11 (9) acquire, by assignment from the state, con-
12 tracts which are not complete and which involve any of the
13 undertakings authorized by this chapter;

14 (10) enter into agreements with the state in order
15 to utilize the staff and facilities of the Department of
16 Public Works in planning, contracting for, construction of,
17 maintaining, or operating any project.

18 Sec. 44.60.150. LIMITATION ON POWER OF AUTHORITY. The
19 power of the authority is limited by the following provi-
20 sions:

21 (1) no project may be undertaken unless it has
22 been approved by the governor;

23 (2) the authority has no power to levy taxes or
24 to pledge the credit or the taxing power of the state, and
25 no debt or obligation of the authority may be considered a
26 debt or obligation of the state.

27 Sec. 44.60.160. POWERS OF BOARD. The board shall
28 manage the properties and business of the authority and may
29 prescribe bylaws, rules and regulations. The board shall

1 promulgate regulations in accordance with the Administrative
2 Procedure Act.

3 Sec. 44.60.170. ANNUAL REPORTS. Before December 1 of
4 each year, the board shall submit to the governor and the
5 legislature a general report and a personnel report. This
6 requirement is for informational purposes and does not mean
7 that the state may regulate the budget or personnel policies
8 of the authority. The general report shall describe the
9 authority's operations, fiscal transactions, financial con-
10 dition and future plans in a comprehensive form to be
11 prescribed by the governor. The personnel report shall
12 describe the authority's personnel administration, including
13 its policies on recruitment, classification, promotion, com-
14 pensation, employee services, and other related personnel
15 matters.

16 Sec. 44.60.180. DEPARTMENT OF ADMINISTRATION TO AUDIT
17 RECORDS. The authority shall allow the Department of Admin-
18 istration and the legislative auditor to audit its accounts
19 and books at any time. The Department of Administration may
20 prescribe the form and content of the financial records of
21 the authority and shall audit these records annually. If an
22 external or private audit is satisfactory in the judgment of
23 the Department of Administration, it may be accepted in lieu
24 of the state audit.

25 Sec. 44.60.190. AWARD OF CONTRACTS. If the estimated
26 cost of a project exceeds \$2,500, the contract shall be
27 awarded to the lowest responsible bidder after advertising
28 for bids. This is not to be construed to limit the power
29 of the authority to construct a project itself or by agreement

1 with the federal or state government.

2 ARTICLE 3. FINANCIAL PROVISIONS

3 Sec. 44.60.200. INITIAL CAPITAL. Appropriations
4 necessary for the initial operation of the authority are
5 authorized.

6 Sec. 44.60.210. REVENUE BONDS. (a) The authority may,
7 by resolution of the board, issue revenue bonds.

8 (b) These bonds shall mature no later than 40 years
9 after their date of issue, bear an interest rate not exceed-
10 ing six per cent, be either coupon or fully registered with-
11 out coupons, carry registration exchangeability and inter-
12 changeability privileges, be subject to terms of redemption
13 at prices not exceeding 105 per cent of the principal, be
14 entitled to priorities in the revenues of the authority as
15 the bond resolutions may provide, and may contain provisions
16 for protecting and enforcing the rights of the bondholders
17 as may be reasonable and proper and not in violation of the
18 law.

19 (c) The bonds shall be sold to the highest responsible
20 bidder after public notice. If no bids are received or the
21 authority determines that the bids are not satisfactory as
22 to the price or the responsibility of the bidder, the author-
23 ity may reject any bids received and either readvertise or
24 sell the bonds at a private sale.

25 (d) The authority may enter into agreements with banks,
26 trust companies, the federal government, or any other person
27 having power to provide security for its bonds, and may
28 pledge all or any part of its revenues. The indenture agree-
29 ment may contain provisions normally found in these

1 agreements.

2 Sec. 44.60.220. REMEDIES OF BONDHOLDERS. If the
3 authority defaults in the payment of principal or interest
4 on any bonds for a period of at least 30 days, or in the
5 event that the authority fails or refuses to comply with the
6 provisions of this chapter or defaults in any agreement made
7 with holders of its bonds, the holders of 25 per cent of the
8 value of the bonds then outstanding and affected by the
9 authority's unlawful action or default may, subject to any
10 limitations of the indenture or bond agreement, or in addi-
11 tion to any remedies of the indenture or bond agreement,
12 appoint a trustee to represent the bondholders. The trustee
13 may bring an action in the superior court of this state to
14 enforce the rights of the bondholders as may be established
15 by indentures or other agreements, as may be reasonable and
16 proper, and in all cases in accordance with the following
17 provisions:

18 (1) Before a trustee initiates an action in the
19 superior court, he shall give notice in writing to the
20 authority, the legislature, and attorney general of the
21 state. If the legislature is in session when notice is
22 given, the trustee may not initiate an action until it ad-
23 journs. If the legislature is not in session, the trustee may
24 not initiate an action until 45 days after the convening of
25 the next regular session. If the legislature satisfies the
26 claims of the bondholders, the default of the authority shall
27 be cured. The attorney general may allow exceptions to this
28 provision if a trustee is able to prove that an unusual situ-
29 ation exists and serious harm would result if legal action

1 were postponed.

2 (2) A receiver appointed by a court to operate and
3 to collect the revenues of any project of the authority may
4 not sell, assign, mortgage, or otherwise dispose of any of
5 the assets belonging to the authority. It is the intention of
6 this chapter to limit the powers of a receiver to the opera-
7 tion of authority projects and to prohibit the selling or
8 otherwise disposing of any assets belonging to the authority.

9 Sec. 44.60.230. REFUNDING BONDS. (a) The authority
10 may provide for the issuance, sale, or exchange of refunding
11 bonds to redeem or retire bonds issued by it upon the terms,
12 at the times, and in the manner which it considers advisable
13 or as provided in contracts between the authority and bond-
14 holders.

15 (b) All provisions of this chapter applicable to the
16 issuance of bonds are applicable to funding or refunding
17 bonds.

18 (c) The state reserves the right, except with projects
19 constructed through interstate or international agreements,
20 to require the authority to redeem outstanding authority
21 bonds eight years after issuance and at a maximum premium of
22 five per cent, or within a shorter period or at a lower
23 premium as may be provided in contracts between the authority
24 and bondholders. The authority may contract and legally bind
25 itself to a longer redemption period or a higher premium,
26 but this may not restrict the rights of the state as provided
27 by this section.

28 Sec. 44.60.240. LIMITATION OF STATE POWER. The state
29 pledges that it will do nothing to diminish or impair the

1 power of the authority so as to affect the security of the
2 authority's financial obligations. The state further
3 pledges that it will do nothing to alter the powers of the
4 authority which would be inconsistent with contractual
5 agreements between the authority and the federal government.

6 Sec. 44.60.250. EXEMPTION FROM TAXATION. The purpose
7 of the authority is to benefit the people of the state by
8 increasing their commerce, prosperity and general well-
9 being. Because the authority has this purpose, it is free
10 of all taxes and assessment in this state. Bonds issued by
11 the authority, their transfer, and their income shall also
12 be free of taxes and assessments, with the exception of in-
13 heritance and estate taxes. The provisions of this section
14 do not prevent the authority from entering into agreements
15 with political subdivisions of the state to make payments in
16 lieu of taxes.

17 ARTICLE 4. GENERAL PROVISIONS

18 Sec. 44.60.260. DEFINITIONS. In this chapter

19 (1) "authority" means the Alaska Transportation
20 Authority;

21 (2) "board" means the Alaska Transportation
22 Authority Board;

23 (3) "project" or "enterprise" means any structure,
24 facility, system, works or other undertaking, together with
25 all appurtenances which the authority is authorized to con-
26 struct, improve, equip, furnish, maintain, acquire, or
27 operate under the provisions of this chapter;

28 (4) "charges" includes fees, tolls, rates and
29 rentals.

1 Sec. 44.60.270. SHORT TITLE. This chapter may be
2 cited as the "Transportation Authority Act."

3 * Sec. 2. Within 30 days after the effective date of this Act
4 the governor shall appoint the Alaska Transportation Authority
5 Board. At the time of these appointments, the governor shall
6 designate which members have been appointed for the terms of ser-
7 vice provided by AS 44.60.040. Within 14 days after the last of
8 the original appointments have been made, the board shall meet
9 and organize by electing from its members a chairman, a vice
10 chairman, and a secretary.

11 * Sec. 3. This Act takes effect on the day after its passage
12 and approval or on the day it becomes law without such approval.

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