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Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY O'CONNELL AND GRAVEL

2 HOUSE BILL NO. 420

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the acquisition,  
7 equipping, construction and installation of  
8 a bridge between Sitka and Japonski Island  
9 and to the issuance and sale of not to  
10 exceed \$1,500,000 of negotiable revenue  
11 bonds of the state to provide money to pay  
12 part or all of the cost thereof; creating  
13 a Sitka-Japonski Island Construction Fund  
14 and making an appropriation therefrom;  
15 creating a Sitka-Japonski Island Revenue  
16 Fund; creating a Sitka-Japonski Island  
17 1966 Revenue Bond Redemption Fund; relating  
18 to the payment and refunding of such bonds  
19 and the enforcement of the covenants there-  
20 of; and providing for an effective date."

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

22 \* Section 1. As used in this Act, unless the context otherwise  
23 requires:

24 (1) "state" means the State of Alaska;

25 (2) "bridge" means a bridge between Sitka and  
26 Japonski Island;

27 (3) "bonds" means the Sitka-Japonski Island  
28 revenue bonds authorized by this Act;

29 (4) "revenue fund" means the Sitka-Japonski Island

1 revenue fund created by this Act.

2 (5) "construction fund" means the Sitka-Japonski  
3 Island 1966 Construction Fund created by this Act;

4 (6) "committee" means the State Bond Committee  
5 created by AS 37.15.110, or any other committee, body,  
6 department or officer of the state which or who shall succeed  
7 to the rights, powers, duties and obligations of the State  
8 Bond Committee by lawful act of the legislature;

9 (7) "bond redemption fund" means the Sitka-  
10 Japonski Island Revenue Bond Redemption Fund created by this  
11 Act and any accounts which are hereafter created in said  
12 fund;

13 (8) "commissioner of highways" means the princi-  
14 pal executive officer of the Department of Highways of the  
15 state as provided in AS 44.44.010 or his successor;

16 (9) "commissioner of revenue" means the principal  
17 executive officer of the Department of Revenue of the state  
18 as provided in AS 44.25.010 or his successor;

19 \* Sec. 2. The state is authorized to acquire, equip, construct  
20 and install a bridge between Sitka and Japonski Island according  
21 to the design of the feasibility study for this project prepared  
22 by the Department of Highways.

23 \* Sec. 3. For the purpose of providing part or all of the  
24 money to be used, with or without any grants or other money which  
25 may become available, the issuance and sale of revenue bonds of  
26 the state in the total principal sum of not to exceed \$1,500,000  
27 is authorized to acquire, equip, construct and install the bridge  
28 authorized in Sec. 2 of this Act. The principal of and interest  
29 on such bonds shall be paid out of and secured by the gross

1 revenues derived by the state from the ownership, lease, use and  
2 operation of the bridge and of all the facilities thereof, and  
3 out of any other revenues or money which the state legislature  
4 may later provide exclusive of any state tax or license.

5 \* Sec. 4. (a) There is hereby created a special fund of the  
6 state to be known as the "Sitka-Japonski Island 1966 Construction  
7 Fund" into which shall be paid the proceeds of the sale of the  
8 bonds, except for any accrued interest paid thereon which shall  
9 be paid into the bond redemption fund, and any grants or other  
10 money which are legally provided for the same purposes for which  
11 the bonds are authorized. The money in the construction fund  
12 shall be used for the sole purpose of paying all of the costs of  
13 acquiring, equipping, constructing and installing the bridge and  
14 all costs incidental thereto, including costs of the authoriza-  
15 tion, issuance and sale of the bonds. For the purpose of carrying  
16 out the provisions of this Act there is hereby appropriated from  
17 the construction fund the sum of \$1,500,000 together with the  
18 amounts of any such grants or other money paid into such fund  
19 for the same purposes.

20 (b) Money in the construction fund may be invested in direct  
21 obligations of the United State of America maturing at least  
22 30 days prior to the date on which such money will be needed to  
23 pay construction or incidental costs. The interest earned upon,  
24 or any profits derived from the sale of, such investments shall  
25 be deposited in and become a part of the construction fund.

26 \* Sec. 5. (a) There is hereby created another special fund  
27 of the state to be known as the "Sitka-Japonski Island Revenue  
28 Fund", which shall be completely segregated and set apart from  
29 all other funds of the state, shall be a trust fund for the uses

1 and purposes herein provided, and into which shall be paid all  
2 revenues, fees, charges and rentals derived by the state from the  
3 ownership, lease, use and operation of the bridge and all of the  
4 facilities and improvements thereof and facilities and improve-  
5 ments used in connection therewith. Such revenues, charges, fees  
6 and rentals shall not include the proceeds of any state tax or  
7 license. The money in the revenue fund shall only be pledged or  
8 used for the purpose of paying or securing the payment of the  
9 principal of and interest on the bonds and of and on any other  
10 revenue bonds issued by authorization of the legislature to  
11 provide funds to acquire, equip, construct and install the bridge  
12 and to be payable out of the revenue fund, the purpose of paying  
13 the normal and necessary costs of maintaining and operating the  
14 bridge and all of the improvements and facilities thereof, the  
15 purpose of paying the costs of renewals, replacements and extra-  
16 ordinary repairs to the bridge and all of the improvements and  
17 facilities thereof, the purpose of redeeming ahead of their  
18 fixed maturities any and all revenue bonds issued for the bridge  
19 purposes, the purpose of providing funds to acquire, construct  
20 and install necessary additions and improvements to and extensions  
21 of and facilities for the bridge and all of its facilities, and  
22 the purpose of providing funds to pay any and all other normal  
23 and necessary costs relating to the ownership, use and operation  
24 of the bridge.

25 (b) Money in the revenue fund may be invested in direct  
26 obligations of the United State of America maturing at least 30  
27 days prior to the date on which money must be expended or trans-  
28 ferred therefrom. The interest earned upon, or any profits  
29 derived from the sale of, such investments shall be deposited in

1 and become a part of the revenue fund.

2 \* Sec. 6. There is hereby created another special fund of the  
3 state to be known as the "Sitka-Japonski Island 1966 Revenue Bond  
4 Redemption Fund," which shall be a trust fund for paying and  
5 securing the payment of the principal of and interest on the  
6 bonds and which shall be at all times completely segregated and  
7 set apart from all other funds of the state. The State Bond  
8 Committee, on behalf of the state, shall obligate and bind the  
9 state to set aside and pay into the Bond Redemption Fund any part  
10 or parts of, or all of, or a fixed proportion of, or a fixed  
11 amount of the money in the revenue fund sufficient to pay the  
12 principal of and interest on the bonds as the same shall become  
13 due and, if it deems necessary, to set aside and maintain reserves  
14 therefor. The bond redemption fund shall be drawn upon for the  
15 purpose of paying the principal of and interest on the bonds, and  
16 the bonds shall not constitute a general obligation of the state.

17 \* Sec. 7. (a) The bonds shall be sold in such amounts or  
18 series and at such time or times as determined by the committee.  
19 The bonds, or each series thereof, shall be sold at such price so  
20 that the effective interest rate over the life thereof shall not  
21 exceed six per cent per annum. Interest shall be payable annually  
22 or semiannually, and no interest coupon shall evidence interest  
23 at a rate greater than six per cent.

24 (b) The bonds shall mature at such time or times as fixed  
25 by the committee; shall be sold at public sale, and notice of  
26 the sale shall be published at least once a week for two consecu-  
27 tive weeks in newspapers of general circulation in each of the  
28 four judicial districts of the state and the first of each publi-  
29 cation shall be at least 20 days prior to the sale date; may

1 be subject to redemption prior to their fixed maturities as  
2 determined by the committee and with such premium or premiums as  
3 fixed by the committee; may be in denominations determined by the  
4 committee; may be issued in coupon form and made payable to  
5 bearer, or may be registrable as to principal or principal and  
6 interest, or may be made payable to the purchaser or purchasers  
7 thereof, all under such regulations and conditions as the com-  
8 mittee shall provide; shall be payable both principal and interest  
9 at such place or places as may be determined by the committee;  
10 shall be signed on behalf of the state by the governor and shall  
11 be attested by the secretary of state, one of which signatures  
12 may be a facsimile signature; shall have the seal of the state  
13 impressed, printed or lithographed thereon, and each of the  
14 interest coupons attached thereto shall be signed by the facsimile  
15 signatures of said officials; shall be issued under and subject  
16 to such terms, conditions and covenants providing for the payment  
17 of the principal thereof and interest thereon and such other  
18 terms, conditions, covenants and protective features safeguarding  
19 such payment and relating to the maintenance, operation and  
20 improvement of the bridge as found necessary by the committee  
21 which covenants may include a provision requiring the setting  
22 aside and maintaining of certain reserves to secure the payment  
23 of such principal and interest. The committee may provide that  
24 any additional bonds hereafter authorized by the legislature to  
25 be payable out of the same source or sources as the bonds author-  
26 ized by this Act may later be issued on a parity with the bonds  
27 authorized by this Act upon compliance with any conditions which  
28 the committee may prescribe.

29 (c) If found reasonably necessary, the committee may select

1 a trustee or trustees for the owners and holders of the bonds or  
2 any series thereof and/or for the safeguarding and disbursement  
3 of the money in the construction fund, and shall fix the rights,  
4 duties, powers and obligations of such trustee or trustees.

5 (d) In its determination of all of the matters and questions  
6 relating to the issuance and sale of the bonds and the fixing of  
7 the maturities, terms, conditions and covenants thereof as above  
8 provided, the decisions of the committee shall be those found to  
9 be reasonably necessary for the best interests of the state and  
10 its inhabitants, and those which will accomplish the most advan-  
11 tageous sale of the bonds, with due regard, however, to necessary  
12 or normal costs of maintenance and operation, renewals and re-  
13 placements of and repairs to the bridge and to all improvements  
14 to and facilities thereof owned, used, operated or leased in  
15 connection therewith, the future growth and expansion of the  
16 bridge.

17 \* Sec. 8. (a) The State Bond Committee is authorized and  
18 directed to adopt the resolution or resolutions (herein called  
19 the "bond resolution or resolutions") and prepare all other  
20 documents and proceedings necessary for the issuance, sale and  
21 delivery of the bonds or any part or series thereof. The reso-  
22 lution or resolutions shall fix the principal amount, denomination,  
23 date, maturities, place or places of payment, rights of redemption  
24 if any, terms, form, conditions and covenants of the bonds or  
25 each series thereof, and their date and manner of sale, and shall  
26 provide whether the notice of sale is to be published elsewhere  
27 in addition to the publication required by sec. 7 of this Act.

28 (b) The owner and holder of any bonds, or the trustee for  
29 the owners and holders of the bonds or any series thereof, may by

1 mandamus or other appropriate proceedings in the courts of record  
2 of the state, require and compel the transfer, setting aside and  
3 payment of money and the enforcement of all of the terms, condi-  
4 tions and covenants as required and provided in this Act and in  
5 the bond resolution or resolutions.

6 \* Sec. 9. The State Bond Committee shall, on or before  
7 December 31 of each year commencing with the year in which the  
8 bonds are issued, certify to the commissioners of revenue and  
9 highways the amounts required in the next ensuing calendar year  
10 by the bond resolution or resolutions to be paid out of the  
11 revenue fund into the bond redemption fund and to be paid into and  
12 maintained in any reserve fund or account or any other fund or  
13 account created by the bond resolution or resolutions, and shall  
14 also certify to the commissioners the last date or dates upon  
15 which payments may be made.

16 \* Sec. 10. The bonds and the coupons attached thereto are  
17 fully negotiable instruments under the laws of the state.

18 \* Sec. 11. The commissioner of highways shall fix and  
19 collect such fees, charges and rentals derived by the state from  
20 the ownership, lease, use and operation of the bridge and all  
21 of the facilities and improvements thereof and used in connection  
22 therewith as will provide revenues sufficient to comply with all  
23 of the covenants of the bond resolution or resolutions, and  
24 revenue sufficient to pay all of the operating costs of the  
25 bridge. The commissioner of highways is also charged with the  
26 duty of insuring that all other covenants of the bond resolution  
27 or resolutions are complied with.

28 \* Sec. 12. (a) The bonds or any part of them may be refunded  
29 at or prior to their maturity by the issuance of refunding revenue

1 bonds of the state if in the opinion of the State Bond Committee  
2 refunding is advantageous to and in the best interests of the  
3 state and its inhabitants.

4 (b) The principal of and interest on such refunding revenue  
5 bonds shall be payable from the same source or sources of money  
6 as pledged for the payment of the principal of and interest on  
7 the bonds or from such other source or sources as may legally be  
8 provided, or from both. Refunding bonds shall not constitute a  
9 general obligation of the state, nor shall the proceeds of any  
10 state tax or license be pledged to their payment. Any money set  
11 aside as reserves to secure the payment of the principal of and  
12 interest on the bonds being refunded may be used either to pay  
13 the principal of, premium if any, and interest on such bonds or  
14 may be retained by the state as reserves to secure the payment  
15 of the principal of and interest on such refunding revenue bonds  
16 to be issued. Such refunding revenue bonds may be sold at public  
17 or private sale, and the proceeds of sale, exclusive of accrued  
18 interest, shall be applied in payment of the bonds being refunded,  
19 or such refunding revenue bonds may be exchanged for and in pay-  
20 ment and discharge of a like or greater amount of the bonds being  
21 refunded. The principal amount of the refunding revenue bonds  
22 may exceed the principal amount of the bonds being refunded to  
23 the extent necessary to pay all costs incidental to the refunding  
24 and any premium required to redeem and retire the bonds being  
25 refunded and/or to fund interest due or about to become due on  
26 the bonds. The holder or holders of any bonds being refunded  
27 need not pay accrued interest on the refunding bonds to be  
28 delivered in exchange therefor if and to the extent that interest  
29 is due or accrued and unpaid on the outstanding bonds being

1 refunded.

2 (c) The effective rate of interest over the life of refund-  
3 ing revenue bonds shall not exceed six per cent per annum, and  
4 the costs of such refunding and the amount of any premium which  
5 might be paid to effect the redemption of the outstanding bonds  
6 being refunded shall not be considered in determining such effec-  
7 tive rate of interest.

8 (d) Refunding revenue bonds and coupons are fully negotiable  
9 instruments under the laws of the state.

10 (e) The issuance of refunding revenue bonds need not be  
11 authorized by the qualified voters of the state or by an act of  
12 the legislature, and the State Bond Committee is authorized and  
13 directed to adopt the resolution or resolutions and prepare all  
14 other documents and proceedings necessary for the issuance,  
15 exchange or sale, and delivery of such bonds.

16 (f) The State Bond Committee shall create a special bond  
17 redemption fund of the state which shall be a trust fund for  
18 paying and securing the payment of the principal of and interest  
19 on refunding revenue bonds, which fund shall be at all times  
20 completely segregated and set apart from all other funds of the  
21 state. The State Bond Committee, on behalf of the state, shall  
22 obligate and bind the state to set aside and pay into such bond  
23 redemption fund any part or parts of, or all of, or a fixed  
24 proportion of, or a fixed amount of the money in the revenue fund  
25 sufficient to pay the principal of and interest on such refunding  
26 revenue bonds as they become due and, if deemed necessary, the  
27 committee may set aside and maintain reserves for payment of  
28 principal and interest on the refunding revenue bonds. The bond  
29 redemption fund shall be drawn upon solely for the purpose of

1 paying the principal of and interest on the refunding revenue  
2 bonds.

3 (g) The provisions of this Act relating to the maturities,  
4 payments, terms, conditions, covenants, issuance and sale of the  
5 bonds shall be applicable to refunding revenue bonds except as  
6 may be otherwise specifically provided in this section.

7 \* Sec. 13. This Act shall be liberally construed in order to  
8 carry out the purposes for which it was adopted, and all existing  
9 laws in conflict with any of the provisions of this Act are  
10 hereby superseded insofar as necessary to accomplish the purposes  
11 of and carry out the provisions of this Act.

12 \* Sec. 14. This Act takes effect on the day after its passage  
13 and approval or on the day it becomes law without such approval.  
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