

1 IN THE HOUSE BY THE COMMERCE COMMITTEE

2 HOUSE BILL NO. 503

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, equip-  
7 ping, construction and installation of a  
8 bridge across Turnagain Arm and to the  
9 issuance and sale of not to exceed \$30,000,000  
10 of negotiable revenue bonds of the state to  
11 provide money to pay part or all of the cost  
12 thereof; creating a Turnagain Arm Construc-  
13 tion Fund and making an appropriation there-  
14 from; creating a Turnagain Arm Revenue Fund;  
15 creating a Turnagain Arm 1966 Revenue Bond  
16 Redemption Fund; relating to the payment and  
17 refunding of such bonds and the enforcement  
18 of the covenants thereof; and providing for  
19 an effective date."

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

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

- 23 (1) "state" means the State of Alaska;  
24 (2) "bridge" means a bridge across Turnagain Arm;  
25 (3) "bonds" means the Turnagain revenue bonds  
26 authorized by this Act;  
27 (4) "revenue fund" means the Turnagain Arm revenue  
28 fund created by this Act.  
29 (5) "construction fund" means the Turnagain Arm

1 1966 Construction Fund created by this Act;

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

7 (7) "bond redemption fund" means the Turnagain Arm  
8 Revenue Bond Redemption Fund created by this Act and any  
9 accounts which are hereafter created in said fund;

10 (8) "commissioner of highways" means the principal  
11 executive officer of the Department of Highways of the state  
12 as provided in AS 44.44.010 or his successor;

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

16 \* Sec. 2. The state is authorized to acquire, equip, construct  
17 and install a bridge across Turnagain Arm according to the design  
18 of the feasibility study for this project prepared by the Depart-  
19 ment of Highways.

20 \* Sec. 3. For the purpose of providing part or all of the  
21 money to be used, with or without any grants or other money which  
22 may become available, the issuance and sale of revenue bonds of  
23 the state in the total principal sum of not to exceed \$30,000,000  
24 is authorized to acquire, equip, construct and install the bridge  
25 authorized in sec. 2 of this Act. The principal of and interest  
26 on such bonds shall be paid out of and secured by the gross  
27 revenues derived by the state from the ownership, lease, use and  
28 operation of the bridge and of all the facilities thereof, and  
29 out of any other revenues or money which the state legislature

1 may later provide exclusive of any state tax or license.

2 \* Sec. 4. (a) There is hereby created a special fund of the  
3 state to be known as the "Turnagain Arm 1966 Construction Fund"  
4 into which shall be paid the proceeds of the sale of the bonds,  
5 except for any accrued interest paid thereon which shall be paid  
6 into the bond redemption fund, and any grants or other money which  
7 are legally provided for the same purposes for which the bonds are  
8 authorized. The money in the construction fund shall be used for  
9 the sole purpose of paying all of the costs of acquiring, equip-  
10 ping, constructing and installing the bridge and all costs inciden-  
11 tal thereto, including costs of the authorization, issuance and  
12 sale of the bonds. For the purpose of carrying out the provisions  
13 of this Act there is hereby appropriated from the construction  
14 fund the sum of \$30,000,000 together with the amounts of any such  
15 grants or other money paid into the fund for the same purposes.

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

22 \* Sec. 5. (a) There is hereby created another special fund  
23 of the state to be known as the "Turnagain Arm Revenue Fund",  
24 which shall be completely segregated and set apart from all other  
25 funds of the state, shall be a trust fund for the uses and  
26 purposes herein provided, and into which shall be paid all  
27 revenues, fees, charges and rentals derived by the state from the  
28 ownership, lease, use and operation of the bridge and all of the  
29 facilities and improvements thereof and facilities and improve-

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

21 (b) Money in the revenue fund may be invested in direct  
22 obligations of the United States of America maturing at least 30  
23 days prior to the date on which money must be expended or trans-  
24 ferred therefrom. The interest earned upon, or any profits  
25 derived from the sale of, such investments shall be deposited in  
26 and become a part of the revenue fund.

27 \* Sec. 6. There is hereby created another special fund of the  
28 state to be known as the "Turnagain Arm 1966 Revenue Bond Redemp-  
29 tion Fund," which shall be a trust fund for paying and securing

1 the payment of the principal of and interest on the bonds and which  
2 shall be at all times completely segregated and set apart from all  
3 other funds of the state. The State Bond Committee, on behalf of  
4 the state, shall obligate and bind the state to set aside and pay  
5 into the Bond Redemption Fund any part or parts of, or all of, or a  
6 fixed proportion of, or a fixed amount of the money in the revenue  
7 fund sufficient to pay the principal of and interest on the bonds  
8 as the same shall become due and, if it deems necessary, to set  
9 aside and maintain reserves therefor. The bond redemption fund  
10 shall be drawn upon for the purpose of paying the principal of  
11 and interest on the bonds, and the bonds shall not constitute a  
12 general obligation of the state.

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

20 (b) The bonds shall mature at such time or times as fixed  
21 by the committee; shall be sold at public sale, and notice of the  
22 sale shall be published at least once a week for two consecutive  
23 weeks in newspapers of general circulation in each of the four  
24 judicial districts of the state and the first of each publication  
25 shall be at least 20 days prior to the sale date; may be subject  
26 to redemption prior to their fixed maturities as determined by  
27 the committee and with such premium or premiums as fixed by the  
28 committee; may be in denominations determined by the committee;  
29 may be issued in coupon form and made payable to bearer, or may

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

25 (c) If found reasonably necessary, the committee may select  
26 a trustee or trustees for the owners and holders of the bonds or  
27 any series thereof and/or for the safeguarding and disbursement  
28 of the money in the construction fund, and shall fix the rights,  
29 duties, powers and obligations of such trustee or trustees.

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

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

23 (b) The owner and holder of any bonds, or the trustee for  
24 the owners and holders of the bonds or any series thereof, may by  
25 mandamus or other appropriate proceedings in the courts of record  
26 of the state, require and compel the transfer, setting aside and  
27 payment of money and the enforcement of all of the terms, condi-  
28 tions and covenants as required and provided in this Act and in  
29 the bond resolution or resolutions.

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

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

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

23       \* Sec. 12. (a) The bonds or any part of them may be refunded  
24 at or prior to their maturity by the issuance of refunding revenue  
25 bonds of the state if in the opinion of the State Bond Committee  
26 refunding is advantageous to and in the best interests of the  
27 state and its inhabitants.

28       (b) The principal of and interest on such refunding revenue  
29 bonds shall be payable from the same source or sources of money

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

25 (c) The effective rate of interest over the life of refund-  
26 ing revenue bonds shall not exceed six per cent per annum, and the  
27 costs of such refunding and the amount of any premium which might  
28 be paid to effect the redemption of the outstanding bonds being  
29 refunded shall not be considered in determining such effective

1 rate of interest.

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

4 (e) The issuance of refunding revenue bonds need not be  
5 authorized by the qualified voters of the state or by an act of  
6 the legislature, and the State Bond Committee is authorized and  
7 directed to adopt the resolution or resolutions and prepare all  
8 other documents and proceedings necessary for the issuance,  
9 exchange or sale, and delivery of such bonds.

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

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

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

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