

1 IN THE SENATE

BY ENGSTROM

2 SENATE BILL NO. 4

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the acquisition, equipping,
7 construction and installation of a bridge between
8 Sitka and Japonski Island and to the issuance and
9 sale of not to exceed \$1,500,000 of negotiable
10 revenue bonds of the state to provide money to pay
11 part or all of the cost thereof; creating a Sitka-
12 Japonski Island Construction Fund and making an
13 appropriation therefrom; creating a Sitka-Japonski
14 Island Revenue Fund; creating a Sitka-Japonski Island
15 1967 Revenue Bond Redemption Fund; relating to the
16 payment and refunding of such bonds and the enforce-
17 ment of the covenants thereof; and providing for an
18 effective date.

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

20 * Section 1. In this Act, unless the context otherwise requires:

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

22 (2) "bridge" means a bridge between Sitka and Japonski
23 Island;

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

26 (4) "revenue fund" means the Sitka-Japonski Island revenue
27 fund created by this Act;

28 (5) "construction fund" means the Sitka-Japonski Island
29 1967 Construction Fund created by this Act;

SB 4

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

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

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

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

15 * Sec. 2. The state is authorized to acquire, equip, construct and
16 install a bridge between Sitka and Japonski Island according to the design
17 of the feasibility study for this project prepared by the Department of
18 Highways.

19 * Sec. 3. For the purpose of providing part or all of the money to be
20 used, with or without any grants or other money which may become available,
21 the issuance and sale of revenue bonds of the state in the total principal
22 sum of not to exceed \$1,500,000 is authorized to acquire, equip, construct
23 and install the bridge authorized in Sec. 2 of this Act. The principal
24 of and interest on such bonds shall be paid out of and secured by the gross
25 revenues derived by the state from the ownership, lease, use and operation
26 of the bridge and of all the facilities thereof, and out of any other
27 revenues or money which the state legislature may later provide exclusive
28 of any state tax or license.

29 * Sec. 4. (a) There is hereby created a special fund of the state to

1 be known as the "Sitka-Japonski Island 1967 Construction Fund" into which
2 shall be paid the proceeds of the sale of the bonds, except for any accrued
3 interest paid thereon which shall be paid into the bond redemption fund,
4 and any grants or other money which are legally provided for the same
5 purposes for which the bonds are authorized. The money in the construction
6 fund shall be used for the sole purpose of paying all of the costs of
7 acquiring, equipping, constructing and installing the bridges and all costs
8 incidental thereto, including costs of the authorization, issuance and
9 sale of the bonds. For the purpose of carrying out the provisions of this
10 Act there is hereby appropriated from the construction fund the sum of
11 \$1,500,000 together with the amounts of any such grants or other money paid
12 into such fund for the same purposes.

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

19 * Sec. 5. (a) There is hereby created another special fund of the state
20 to be known as the "Sitka-Japonski Island Revenue Fund", which shall be
21 completely segregated and set apart from all other funds of the state,
22 shall be a trust fund for the uses and purposes herein provided, and into
23 which shall be paid all revenues, fees, charges and rentals derived by the
24 state from the ownership, lease, use and operation of the bridge and all of
25 the facilities and improvements thereof and facilities and improvements
26 used in connection therewith. Such revenues, charges, fees and rentals
27 shall not include the proceeds of any state tax or license. The money in
28 the revenue fund shall only be pledged or used for the purpose of paying
29 or securing the payment of the principal of and interest on the bonds and

1 of and on any other revenue bonds issued by authorization of the legislature
2 to provide funds to acquire, equip, construct and install the bridge and
3 to be payable out of the revenue fund, the purpose of paying the normal and
4 necessary costs of maintaining and operating the bridge and all of the
5 improvements and facilities thereof, the purpose of paying the costs of
6 renewals, replacements and extraordinary repairs to the bridge and all of
7 the improvements and facilities thereof, the purpose of redeeming ahead of
8 their fixed maturities any and all revenue bonds issued for the bridge
9 purposes, the purpose of providing funds to acquire, construct and install
10 necessary additions and improvements to and extensions of and facilities
11 for the bridge and all of its facilities, and the purpose of providing
12 funds to pay any and all other normal and necessary costs relating to the
13 ownership, use and operation of the bridge.

14 (b) Money in the revenue fund may be invested in direct obligations
15 of the United States of America maturing at least 30 days prior to the
16 date on which money must be expended or transferred therefrom. The interest
17 earned upon, or any profits derived from the sale of, such investments shall
18 be deposited in and become a part of the revenue fund.

19 * Sec. 6. There is hereby created another special fund of the state to
20 be known as the "Sitka-Japonski Island 1967 Revenue Bond Redemption Fund",
21 which shall be a trust fund for paying and securing the payment of the
22 principal of and interest on the bonds and which shall be at all times
23 completely segregated and set apart from all other funds of the state. The
24 State Bond Committee, on behalf of the state, shall obligate and bind the
25 state to set aside and pay into the Bond Redemption Fund any part or parts
26 of, or all of, or a fixed proportion of, or a fixed amount of the money in
27 the revenue fund sufficient to pay the principal of and interest on the
28 bonds as the same shall become due and, if it deems necessary, to set aside
29 and maintain reserves therefor. The bond redemption fund shall be drawn

1 upon for the purpose of paying the principal of and interest on the bonds,
2 and the bonds shall not constitute a general obligation of the state.

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

9 (b) The bonds shall mature at such time or times as fixed by the
10 committee; shall be sold at public sale, and notice of the sale shall be
11 published at least once a week for two consecutive weeks in newspapers of
12 general circulation in each of the four judicial districts of the state
13 and the first of each publication shall be at least 20 days prior to the
14 sale date; may be subject to redemption prior to their fixed maturities as
15 determined by the committee and with such premium or premiums as fixed by
16 the committee; may be in denominations determined by the committee; may be
17 issued in coupon form and made payable to bearer, or may be registrable
18 as to principal or principal and interest, or may be made payable to the
19 purchaser or purchasers thereof, all under such regulations and conditions
20 as the committee shall provide; shall be payable both principal and interest
21 at such place or places as may be determined by the committee; shall be
22 signed on behalf of the state by the governor and shall be attested by the
23 secretary of state, one of which signatures may be a facsimile signature;
24 shall have the seal of the state impressed, printed or lithographed thereon,
25 and each of the interest coupons attached thereto shall be signed by the
26 facsimile signatures of said officials; shall be issued under and subject
27 to such terms, conditions and covenants providing for the payment of the
28 principal thereof and interest thereon and such other terms, conditions,
29 covenants and protective features safeguarding such payment and relating

1 to the maintenance, operation and improvement of the bridge as found
2 necessary by the committee which covenants may include a provision requiring
3 the setting aside and maintaining of certain reserves to secure the pay-
4 ment of such principal and interest. The committee may provide that any
5 additional bonds hereafter authorized by the legislature to be payable
6 out of the same source or sources as the bonds authorized by this Act may
7 later be issued on a parity with the bonds authorized by this Act upon
8 compliance with any conditions which the committee may prescribe.

9 (c) If found reasonably necessary, the committee may select a trustee
10 or trustees for the owners and holders of the bonds or any series thereof
11 and/or for the safeguarding and disbursement of the money in the construc-
12 tion fund, and shall fix the rights, duties, powers and obligations of such
13 trustee or trustees.

14 (d) In its determination of all of the matters and questions relating
15 to the issuance and sale of the bonds and the fixing of the maturities,
16 terms, conditions and covenants thereof as above provided, the decisions
17 of the committee shall be those found to be reasonably necessary for the
18 best interests of the state and its inhabitants, and those which will
19 accomplish the most advantageous sale of the bonds, with due regard,
20 however, to necessary or normal costs of maintenance and operation, renewal
21 and replacements of and repairs to the bridge and to all improvements to
22 and facilities thereof owned, used, operated or leased in connection there-
23 with, the future growth and expansion of the bridge.

24 * Sec. 8. (a) The State Bond Committee is authorized and directed to
25 adopt the resolution or resolutions (herein called the "bond resolution
26 or resolutions") and prepare all other documents and proceedings necessary
27 for the issuance, sale and delivery of the bonds or any part or series
28 thereof. The resolution or resolutions shall fix the principal amount,
29 denomination, date, maturities, place or places of payment, right of

1 redemption if any, terms, form, conditions and covenants of the bonds or
2 each series thereof, and their date and manner of sale, and shall provide
3 whether the notice of sale is to be published elsewhere in addition to the
4 publication required by sec. 7 of this Act.

5 (b) The owner and holder of any bonds, or the trustee for the owners
6 and holders of the bonds or any series thereof, may by mandamus or other
7 appropriate proceedings in the courts of record of the state, require and
8 compel the transfer, setting aside and payment of money and the enforcement
9 of all of the terms, conditions and covenants as required and provided in
10 this Act and in the bond resolution or resolutions.

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

20 * Sec. 10. The bonds and the coupons attached thereto are fully
21 negotiable instruments under the laws of the state.

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

1 * Sec. 12. (a) The bonds or any part of them may be refunded at or
2 prior to their maturity by the issuance of refunding revenue bonds of the
3 state if in the opinion of the State Bond Committee refunding is advanta-
4 geous to and in the best interests of the state and its inhabitants.

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

28 (c) The effective rate of interest over the life of refunding revenue
29 bonds shall not exceed six per cent per annum, and the costs of such

1 refunding and the amount of any premium which might be paid to effect the
2 redemption of the outstanding bonds being refunded shall not be considered
3 in determining such effective rate of interest.

4 (d) Refunding revenue bonds and coupons are fully negotiable instru-
5 ments under the laws of the state.

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

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

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

28 * Sec. 13. This Act shall be liberally construed in order to carry
29 out the purpose for which it was adopted, and all existing laws in conflict

1 with any of the provisions of this Act are hereby superseded insofar as
2 necessary to accomplish the purposes of and carry out the provisions of
3 this Act.

4 * Sec. 14. This Act takes effect on the day after its passage and
5 approval or on the day it becomes law without approval.
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29