

COMMITTEE REPORT
SENATE

FURTHER:

5/4/84

Date 5/24/84

Mr. President

The Committee on FINANCE considered CSHB 661 (Trep)

authorizing the construction of the Knik Arm Crossing and relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority, and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt SCS for HB 661 (Jim)
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation *4/17/84 came with
net 63000.0
new 5/24/84*
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: 5/24/84

REQUEST

Bill/Resolution No.: SCSHB 661 (Fin)
Title: Knik Arm Crossing & Toll facilities
Sponsor: Senate Finance
Requestor:
Date of Request:

FISCAL DETAIL

Agency Affected: State Bond Committee
Program Category Affected:
BRU, Program or Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		-0-				
400 SUPPLIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS		-0-				
800 MISCELLANEOUS		-0-				
TOTAL OPERATING		-0-				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS						
OTHER						
TOTAL		-0-				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

The Finance CS for HB 661 does not allow the sale of bonds without prior legislative approval. Therefore, until any such approval is granted, no debt service can exist and the fiscal note is zero.

ANALYSIS: Attach a separate page for analysis

Prepared By: John C. Sackett, Co-chairman Phone: 465-3753
Division: Senate Finance Committee Date: 5/24/84

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

12/1/83

adopted

Page 1, line 24 after the word "licence." Insert a new sentence to read:

Bonds may not be issued to assist in the acquisition, financing, or operation of projects without prior approval from the legislature.

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*page 20 line 28 to 618 1:15 5-24-84
another 02 4-6*

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
 2 of acquiring, constructing, and equipping facilities authorized in
 3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
 4 including costs of the authorization, issuance, and sale of the bonds.
 5 To the extent allowed in the bond resolution, money in the construc-
 6 tion fund may also be used for the payment of interest on the bonds
 7 during the time of actual construction, and for any additional time,
 8 not exceeding one year after construction is completed. Money in the
 9 construction fund may also be transferred to the bond redemption fund,
 10 as permitted by the bond resolution, to establish a reserve for the
 11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
 13 in the construction fund as the committee determines. The interest
 14 earned upon or any profit derived from the sale of the investment is
 15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
 17 fund is established and shall be set apart from all other money of the
 18 state. The toll facilities revenue fund is a trust fund for the pur-
 19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
 20 charges, and rentals are deposited that are derived by the state from
 21 the ownership, lease, use, and operation of the facilities authorized
 22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
 23 rentals may not include the proceeds of any state tax or license. The
 24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
 26 est on the toll facilities bonds and principal of and interest on any
 27 other revenue bonds issued by authorization of the legislature to
 28 provide money to acquire, construct, and equip facilities authorized
 29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor
X

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
 2 tion; (2) to renewals and replacements of and repairs to the toll
 3 facilities; (3) to all improvements to toll facilities and property of
 4 toll facilities owned, used, operated, or leased in connection with
 5 toll facilities; and (4) to the future growth and expansion of all of
 6 the facilities and the possibility of additional revenue bond financ-
 7 ing for toll facilities purposes. A decision of the committee, as
 8 expressed in any bond resolution, is final when any bonds have been
 9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
 11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
 12 bonds containing this recital are conclusively considered to be valid
 13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
 15 not affected by any proceeding for the acquisition or construction of
 16 the additions, improvements, or facilities for which the bonds have
 17 been issued or by any contract in connection with the acquisition or
 18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
 20 and directed to adopt the bond resolution and prepare all other docu-
 21 ments and proceedings necessary for the issuance, sale, and delivery
 22 of the bonds or any part or series of them. The bond resolution shall
 23 fix the principal amount, denomination, date, maturities, place or
 24 places of payment, rights of redemption, if any, terms, form, condi-
 25 tions, and covenants of the bonds or each series of them. The commit-
 26 tee shall also determine and provide for the date and manner of sale
 27 of the bonds, and shall provide whether the notice of sale is to be
 28 published elsewhere in addition to the publication required by AS 37.-
 29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

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1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 X Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

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1 provisions of AS 37.15.720 the first state toll facility to be fi-
 2 nanced under this article is the Knik Arm Crossing near Anchorage if
 3 the following conditions are met:

4 (1) the department submits to the governor and the legisla-
 5 ture a feasibility study that finds that the crossing is financially
 6 feasible and able to produce revenue adequate to repay the bonds with
 7 which it is financed;

8 (2) if financing in addition to revenue bonds is anticipat-
 9 ed, the department submits to the governor and legislature a finance
 10 plan to include an estimate of the total cost of the project and a
 11 description of the sources of money that will be used to finance the
 12 total cost of the project; and

13 (3) the office of management and budget reviews the feasi-
 14 bility study and the finance plan, if required, and reports its find-
 15 ings and recommendations to the governor and legislature not later
 16 than 90 days after the study and plan are received by the office.

17 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
 18 transportation and public facilities shall fix and collect the fees,
 19 charges, tolls, and rentals derived by the state from the ownership,
 20 lease, use, and operation of the facilities authorized by AS 37.15.720
 21 and 37.15.730 and improvements of the facilities as will provide
 22 revenues sufficient to comply with all of the covenants of the bond
 23 resolution.

24 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
 25 760 shall be liberally construed in order to carry out the purposes
 26 for which the provisions were enacted, and all existing laws in con-
 27 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
 28 accomplish the purposes of AS 37.15.610 - 37.15.760.

29 X Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,

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1 unless the context requires otherwise

2 (1) "bond redemption fund" means the toll facilities reve-
3 nue bond redemption fund created by AS 37.15.640, including any ac-
4 counts that are created in that fund after the effective date of this
5 Act;

6 (2) "bond resolution" means the resolution authorizing the
7 issuance of bonds, adopted by the committee under AS 37.15.660;

8 (3) "bonds" means the toll facilities revenue bonds autho-
9 rized by AS 37.15.610 - 37.15.760;

10 (4) "committee" means the state bond committee created by
11 AS 37.15.110, or any other committee, body, department, or officer of
12 the state that or who succeeds to the rights, powers, duties, and
13 obligations of the state bond committee by act of the legislature;

14 (5) "construction fund" means the toll facilities construc-
15 tion fund created by AS 37.15.620;

16 (6) "revenue fund" means the toll facilities revenue fund
17 created by AS 37.15.630;

18 (7) "toll facilities" means highways, roads, bridges,
19 crossings, and causeways upon which tolls, charges, rentals, or other
20 user fees are placed by the commissioner of transportation and public
21 facilities.

22 * Sec. 2. AS 19.05.040 is amended to read:

23 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

24 (1) acquire property;

25 (2) exercise the power of eminent domain;

26 (3) take immediate possession of real property, or any
27 interest in it under a declaration of taking or by other lawful means;

28 (4) acquire rights-of-way for present or future use;

29 (5) control access to highways;

- 1 (6) regulate roadside development;
- 2 (7) preserve and maintain the scenic beauty along state
- 3 highways;
- 4 (8) dispose of property acquired for highway purposes;
- 5 (9) accept and dispose of federal funds or property avail-
- 6 able for highway construction, maintenance, or equipment;
- 7 (10) enter into contracts or agreements relating to highways
- 8 with the federal government, municipalities, a political subdivision,
- 9 or with a foreign government, if the contract is approved by the
- 10 federal government; [AND]
- 11 (11) establish, levy, and collect tolls, fees, charges, and
- 12 rentals for the use of state roads, highways, bridges, crossings, and
- 13 causeways; and
- 14 (12) exercise any other power necessary to carry out the
- 15 purpose of AS 19.05 - 19.25.

16 * Sec 3. AS 44.88.010(a) is amended to read:

17 (a) The legislature finds, determines and declares that

18 (1) there exist areas of the state in which seasonal and

19 nonseasonal unemployment exist;

20 (2) this unemployment is a serious menace to the health,

21 safety and general welfare, not only to the people in those areas, but

22 also to the people of the entire state;

23 (3) the state lacks the basic manufacturing, industrial,

24 and business enterprises and the other facilities referred to in (5)

25 of this subsection necessary to permit adequate development of its

26 natural resources and the balanced growth of its economy;

27 (4) the establishment and expansion of industrial, man-

28 ufacturing, and business enterprises in Alaska and the other facil-

29 ities referred to in (5) of this subsection are essential to the

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1 development of the natural resources and the long-term economic growth
2 of the state, and will directly and indirectly alleviate unemployment
3 in the state;

4 (5) the achievement of the goal of full employment, and of
5 establishment and continuing operation and development of industrial,
6 manufacturing, and business enterprises in the state, including,
7 without limitation, facilities for [AIR AND WATER] transportation,
8 facilities for pollution control and waste disposal, facilities for
9 the local furnishing of gas, facilities for water, [AND] facilities
10 for industrial parks, mass commuting vehicles, facilities for local
11 district heating or cooling, parking facilities, or a storage or
12 training facility relating to a plant or facility, will be accelerated
13 and facilitated by the creation of an instrumentality of the state
14 with powers to incur debt, to own and operate facilities, [AND] to
15 make and insure loans to finance, and to assist private lenders to
16 make loans to finance, the establishment, operation, and development
17 of industrial, manufacturing, and business enterprises, including,
18 without limitation, facilities for [AIR AND WATER] transportation,
19 facilities for pollution control and waste disposal, facilities for
20 the local furnishing of gas, facilities for water, [AND] facilities
21 for industrial parks, mass commuting vehicles, facilities for local
22 district heating or cooling, parking facilities, or a storage or
23 training facility relating to a plant or facility;

24 (6) it is in the public interest to promote the prosperity
25 and general welfare of all citizens of the state by stimulating com-
26 mercial and industrial growth and expansion by encouraging an increase
27 of private investment by banks, investment houses, insurance com-
28 panies, and other financial institutions, including pension and re-
29 tirement funds, to help satisfy the need for economic expansion;

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1 (7) it is in the state's interest to import private capital
2 to create new economic activity which would not otherwise take place
3 in the state.

4 * Sec. 4. AS 44.88.070 is amended to read:

5 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
6 authority is to promote, develop and advance the general prosperity
7 and economic welfare of the people of Alaska, to relieve problems of
8 unemployment, and to create additional employment by providing various
9 means of financing and means of facilitating the financing of indus-
10 trial, manufacturing, and business enterprises and the other facil-
11 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
12 ing and operating the enterprises and other facilities.

13 * Sec. 5. AS 44.88.080 is amended to read:

14 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its
15 corporate purposes, the authority has the following powers in addition
16 to its other powers:

17 (1) to sue and be sued;

18 (2) to have a seal and alter it at pleasure;

19 (3) to make and alter bylaws for its organization and
20 internal management;

21 (4) to adopt regulations governing the exercise of its
22 corporate powers;

23 (5) to acquire an interest in a project as necessary or
24 appropriate to provide financing for the project, whether by purchase,
25 gift or lease;

26 (6) to lease to others a project acquired by it for the
27 rentals and upon the terms and conditions the authority may consider
28 advisable, including, without limitation, provisions for options to
29 purchase or renew;

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1 (7) to issue bonds, in accordance with AS 44.88.090, to pay
2 the cost of a project and to secure payment of the bonds as provided
3 in this chapter;

4 (8) to sell, by installment sale or otherwise, exchange,
5 donate, convey or encumber in any manner by mortgage or by creation of
6 any other security interest, real or personal property owned by it, or
7 in which it has an interest, including a project, when, in the judg-
8 ment of the authority, the action is in furtherance of its corporate
9 purposes;

10 (9) to accept gifts, grants or loans from, and enter into
11 contracts or other transactions regarding them, with a federal agency
12 or an agency or instrumentality of the state, a municipality, private
13 organization or other source;

14 (10) to deposit or invest its funds, subject to agreements
15 with bondholders;

16 (11) to enter into contracts or agreements with respect to
17 the exercise of any of its powers, and do all things necessary or
18 convenient to carry out its corporate purposes and exercise the powers
19 granted in this chapter;

20 (12) to purchase or insure loans to finance the costs of
21 manufacturing, industrial, and business enterprise projects;

22 (13) to enter into loan agreements with respect to one or
23 more projects upon the terms and conditions the authority considers
24 advisable;

25 (14) to acquire, manage, and operate projects as the author-
26 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
27 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
28 TY FROM LOSSES];

29 (15) to assist private lenders to make loans to finance the
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1 costs of projects through loan commitments, short-term financing, or
2 otherwise;

3 (16) to accept gifts, grants, or loans from a federal agen-
4 cy, from an agency or instrumentality of the state or of a munici-
5 pality, or from any other source;

6 (17) to enter into contracts or other transactions with a
7 federal agency, with an agency or instrumentality of the state or of a
8 municipality, or with a private organization or other entity consis-
9 tent with the exercise of any power under this chapter;

10 (18) to facilitate the expansion of a secondary market for
11 the resale of federally or commercially insured loans made to finance
12 the costs of projects in Alaska held by federal and state chartered
13 financial institutions or by the Alaska Commercial Fishing and Agri-
14 culture Bank;

15 (19) to charge fees or other forms of remuneration for the
16 use or possession of the projects described in (14) of this section in
17 accordance with the agreements described in (11) and (17) of this
18 section, other agreements pertaining to the projects, covenants, or
19 representations made in bond documents pertaining to the projects, or
20 regulations of the authority pertaining to the projects.

21 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

22 (h) Notwithstanding any other provision of this section, the
23 authority may waive or modify the requirements of (a) of this section
24 establishing maximum costs of \$10,000,000 for a project and the re-
25 quirements of (f) of this section as it considers appropriate and
26 prudent in order to finance a project if the authority intends to own
27 the project. However, if the authority intends to lease or otherwise
28 permit the state to use or occupy a majority of the project, the
29 authority may only establish a reserve fund under (g) of this section

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1 to secure bonds issued to finance a project.

2 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

3 (g) Notwithstanding any other provision of this section, the
4 authority may waive or modify the requirements of this section as it
5 considers appropriate and prudent in order to finance a project if the
6 authority intends to own the project.

7 * Sec. 8. AS 44.88 is amended by adding new sections to read:

8 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
9 development fund is established in the authority. The fund consists
10 of money or assets appropriated, loaned, or transferred to the author-
11 ity, and other money or assets deposited in the fund by the authority.
12 The fund may only be used to finance, acquire, manage, and operate
13 projects that the authority intends to own and operate. The term
14 "operate" includes operation directly by the authority, or by an agent
15 of the authority.

16 (b) If a project is financed or developed through use of the
17 assets of the economic development fund, the authority may not pledge
18 or use other assets of the authority to assist in the financing,
19 development, or operation of the project. However, whether or not the
20 authority uses the economic development fund, it may issue bonds to
21 finance a project and may secure the bonds with a mortgage, pledge, or
22 assignment of the project or of revenues, money, or agreements attrib-
23 utable to the project or the bonds as provided in sec. 10 of this Act.

24 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
25 financed under AS 44.88.172, the authority shall prepare a finance
26 plan. The finance plan must include an estimate of the total cost of
27 the project, and a description of the sources of money that will be
28 used to finance the total cost of the project. The finance plan must
29 also include an estimate of the operational costs of the completed
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1 project, as well as a description of the source of the money that is
2 to be used to pay the operational costs.

3 (b) The authority shall give preference to a project that does
4 not require financial assistance from the state. If the authority
5 determines that a project requires state financial assistance, and if
6 the authority further determines that it is desirable to finance the
7 project, the authority shall recommend a method of financing that
8 minimizes cost to the state. A finance plan required under (a) of
9 this section must identify the method of financing that minimizes the
10 cost to the state.

11 (c) The authority shall submit a finance plan prepared under
12 this section to the state bond committee, the governor, and the legis-
13 lature before issuing bonds or otherwise incurring debt for the proj-
14 ect. If a project requires financial assistance from the state, the
15 state financial assistance must be available before bonds are issued
16 for the project.

17 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
18 30 days after the authority adopts a resolution certifying that a
19 project in the unorganized borough is eligible for financing under
20 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
21 Council in the area of the state where the project is to be located
22 and for which a regional housing authority has been established under
23 AS 18.55.996. The purpose of a council is to assist the authority in
24 reviewing a project that has been proposed for development in its area
25 of the state.

26 (b) A Regional Resource Advisory Council consists of five mem-
27 bers registered to vote in the region. The governor shall appoint the
28 members to reflect the economic and geographic diversity of the re-
29 gion. Council members serve three-year terms at the pleasure of the
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1 governor, except that the initial members may be appointed for less
 2 than three years so that the term of at least one of the members
 3 expires each year. The governor shall appoint a chairperson who shall
 4 call meetings as required and preside over the deliberations of the
 5 council. A majority of the council constitutes a quorum for conduct-
 6 ing the business of the council.

7 (c) Members of a Regional Resource Advisory Council do not
 8 receive compensation for their services on the council, but are en-
 9 titled to per diem and travel expenses authorized by law for state
 10 boards and commissions under AS 39.20.180.

11 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
 12 Before entering into an agreement to finance or to develop a proposed
 13 project with a cost in excess of \$10,000,000 that is financed under
 14 AS 44.88.172, the authority shall obtain the approval of each Regional
 15 Resource Advisory Council or municipality in the area in which the
 16 proposed project is to be located. Approval under this subsection
 17 must be evidenced by a certified copy of a resolution of the council
 18 or of the governing body of the municipality.

19 (b) Before approving a project financed under AS 44.88.172 for
 20 which bonds must be issued, the authority shall

21 (1) obtain approval under (a) of this section;

22 (2) find, on the basis of all information reasonably avail-
 23 able to it, that

24 (A) the project and its development under this chapter
 25 will be economically advantageous to the state and to the general
 26 public welfare and will contribute to the economic growth of the
 27 state;

28 (B) the project applicant is financially responsible;

29 (C) the project is economically and financially
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1 feasible and able to produce revenue adequate to repay the bonds
2 or loans with which it is financed;

3 (D) increased demand on public facilities that might
4 result from the project will be provided for;

5 (E) the project will provide or retain employment
6 reasonably related to the amount of the financing by the authori-
7 ty, considering the amount of investment per employee for compa-
8 rable facilities, and other relevant factors;

9 (F) the scope of the project is sufficient to provide
10 a reasonable expectation of a benefit to the economy of the
11 state;

12 (G) the project is in compliance with applicable law;
13 and

14 (H) issuance of the bonds is not expected to adversely
15 affect the ability of the state or any political subdivision of
16 the state to market other bonds.

17 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
18 considering a resolution regarding the approval or rejection of the
19 development or financing of a proposed project with a cost in excess
20 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
21 source Advisory Council shall conduct a public hearing within the
22 region. If a proposed project is located within a municipality, the
23 governing body of a municipality shall conduct a hearing on the pro-
24 posed project.

25 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
26 under AS 44.88.172, the authority shall solicit the review and advice
27 of the Regional Resource Advisory Council or governing body in the
28 area in which a project is located before the execution of contracts,
29 agreements, resolutions, or other matters that directly concern the
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1 development, maintenance, and operation of a project.

2 * Sec. 9. AS 44.88.220(5) is amended to read:

3 (5) "project" means

4 (A) a plant or facility used or intended for use

5 (i) in connection with making, processing, pre-
6 paring, or producing in any manner, goods, products or
7 substances of any kind or nature or in connection with
8 developing or utilizing a natural resource, or extracting,
9 smelting, transporting, converting, assembling or producing
10 in any manner, minerals, raw materials, chemicals, com-
11 pounds, alloys, fibers, commodities and materials, products
12 or substances of any kind or nature;

13 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
14 FOR USE] as an industrial park; [OR] in connection with [AIR
15 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
16 the prevention, limitation or control of [AIR OR WATER]
17 pollution; [,] for the disposal of sewage or solid waste;
18 [,] for the local furnishing of gas; [, OR] for the furnish-
19 ing of water; as or in connection with mass commuting vehi-
20 cles; for local district heating or cooling; as a parking
21 facility; or as a storage or training facility directly
22 related to a plant or facility described in this paragraph;

23 (B) a plant or facility used or intended for use in
24 connection with a business enterprise;

25 (C) commercial activity by a small enterprise;

26 * Sec. 10. The authority may not issue bonds to assist in the acquisi-
27 tion, financing, or operation of projects under AS 44.88.172, enacted by
28 sec. 8 of this Act without prior legislative approval.

29 * Sec. 11. It is the intent of the legislature to minimize the cost of

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1 state financial assistance for projects funded under AS 44.88.172, enacted
 2 by sec. 6 of this Act. To the extent possible, financial assistance shall
 3 be extended in the form of loans.

4 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
 5 10.070(c).

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134

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Accompanied bill into committee

Revision Date _____

REQUEST

Bill/Resolution No: CS HB 661 (Trans.)
 Title: Knik Arm Crossing and Toll
 Facilities _____
 Sponsor: House Transportation
 Requestor: House Finance
 Date of Request: April 13, 1984

FISCAL DETAIL

Agency Affected: State Bond Committee
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS:

\$63,000,000 is the estimated annual debt service on the \$500,000,000 revenue bonds authorized in CS HB 661. This debt service estimate assumes 20 year bonds at 11% interest to be conservative. Bonds may have longer maturities and higher or lower interest rates.

The source of funds for debt service would ordinarily be the toll facilities revenue fund. However, until the first project is operating, there will be no revenues. Therefore, for FY 85 at least, the fund source would be the toll facilities construction fund.

NOTE: The amounts requested in this fiscal note need only be appropriated if there is an appropriation enacted to construct toll facilities with bond proceeds. That is, the fiscal note solely for the authorization of \$500,000,000 in bonds is actually zero.

Prepared By: Milt Barker MB
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: Revenue

Phone: 465-2350
 Date: April 17, 1984
 Date: 4/19/84

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB661

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to toll bridges and highways. This bill addresses both the authority for construction and maintenance of the facilities and their funding through revenue bonding. The bill gives this authority to the Department of Transportation and Public Facilities and avoids unnecessary duplication of personnel in the administration of toll facilities. The language in the bill is based on language in AS 37.15.-410 -- 37.15.550, dealing with international airports revenue bonds.

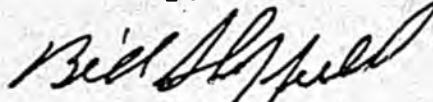
The bill provides that the acquisition, construction, or equipping of toll facilities may be accomplished through the issuance of revenue bonds. It creates special funds for the accounting and management of proceeds of the bond sales and for the redemption or refunding of the bonds. It further allows the retention, in the toll facilities revenue fund created in AS 37.15.630, of money generated through toll collection. This money will then be used for payment of interest on the bonds and redemption as the bonds mature.

Money received from tolls collected and placed in the revenue fund is also made available for the purposes of paying for normal maintenance and operation of the toll facilities, replacement of the facilities, and other costs associated with the ownership of the facilities. The money would not be available for general appropriation by the legislature but would be protected for use for those purposes set out in AS 37.15.630. This does not violate the "dedicated funds" prohibition contained in art. IX, sec. 7, of the Alaska Constitution inasmuch as the funds are segregated for the purpose of guaranteeing payment of bonds and securing the collateral for the bonds.

- 2 -

This bill provides an opportunity to meet certain needs of the state's highway system in an era when general fund appropriations might not be possible for that important purpose. I urge your prompt consideration and action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

134

Revision Date _____

REQUEST

Bill/Resolution No: CS HB 661 (Trans.)
 Title: Knik Arm Crossing and Toll
 Facilities _____
 Sponsor: House Transportation
 Requestor: House Finance
 Date of Request: April 13, 1984

FISCAL DETAIL

Agency Affected: State Bond Committee
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FJND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS:

\$63,000,000 is the estimated annual debt service on the \$500,000,000 revenue bonds authorized in CS HB 661. This debt service estimate assumes 20 year bonds at 11% interest to be conservative. Bonds may have longer maturities and higher or lower interest rates.

The source of funds for debt service would ordinarily be the toll facilities revenue fund. However, until the first project is operating, there will be no revenues. Therefore, for FY 85 at least, the fund source would be the toll facilities construction fund.

NOTE: The amounts requested in this fiscal note need only be appropriated if there is an appropriation enacted to construct toll facilities with bond proceeds. That is, the fiscal note solely for the authorization of \$500,000,000 in bonds is actually zero.

Prepared By: Milt Barker *MB*
 Division: Treasury
 Approved by Commissioner: [Signature]
 Agency: Revenue

Phone: 465-2350
 Date: April 17, 1984
 Date: 4/19/84

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB661

February 13, 1984

The Honorable Joe Hayes
Alaska House of Representatives
Pouch V
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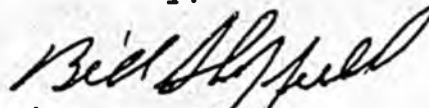
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Money received from tolls collected and placed in the revenue fund is also made available for the purposes of paying for normal maintenance and operation of the toll facilities, replacement of the facilities, and other costs associated with the ownership of the facilities. The money would not be available for general appropriation by the legislature but would be protected for use for those purposes set out in AS 37.15.630. This does not violate the "dedicated funds" prohibition contained in art. IX, sec. 7, of the Alaska Constitution inasmuch as the funds are segregated for the purpose of guaranteeing payment of bonds and securing the collateral for the bonds.

- 2 -

This bill provides an opportunity to meet certain needs of the state's highway system in an era when general fund appropriations might not be possible for that important purpose. I urge your prompt consideration and action on this measure.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Sheffield".

Bill Sheffield
Governor

Handwritten initials and date: MB 4/19/84

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST Page 1 of 2
Bill/Resolution No: CS HB 661 (Trans.)
Title: Knik Arm Crossing and Toll
Facilities
Sponsor: House Transportation
Requestor: House Finance
Date of Request: April 13, 1984

FISCAL DETAIL
Agency Affected: State Bond Committee
Program Category Affected:
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	63000.0	63000.0	63000.0	63000.0	63000.0
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	63000.0	63000.0	63000.0	63000.0	63000.0
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MB*
 Division: Treasury
 Approved by Commissioner: *[Signature]*
 Agency: Revenue

Phone: 465-2350
 Date: April 17, 1984
 Date: 4/19/84

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

CS HB 661 (Transportation) Page 2 of 2
Fiscal Note Analysis

\$63,000,000 is the estimated annual debt service on the \$500,000,000 revenue bonds authorized in CS HB 661. This debt service estimate assumes 20 year bonds at 11% interest to be conservative. Bonds may have longer maturities and higher or lower interest rates.

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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST Page 1 of 2
Bill/Resolution No: CS HB 661 (Trans.)
Title: Knik Arm Crossing and Toll
Facilities _____
Sponsor: House Transportation
Requestor: House Finance
Date of Request: April 13, 1984

FISCAL DETAIL
Agency Affected: State Bond Committee
Program Category Affected: _____
BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	63000.0	63000.0	63000.0	63000.0	63000.0
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350

Date: April 17, 1984

Approved by Commissioner: *[Signature]*
Agency: Revenue

Date: 4/19/84

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

CS HB 661 (Transportation) Page 2 of 2
Fiscal Note Analysis

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NOTE: The amounts requested in this fiscal note need only be appropriated if there is an appropriation enacted to construct toll facilities with bond proceeds. That is, the fiscal note solely for the authorization of \$500,000,000 in bonds is actually zero.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

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1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor
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1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 ACT;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities
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1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the
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1 purpose of AS 19.05 - 19.25.

2 * Sec 3. AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility, will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to
X

1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating com-
12 mercial and industrial growth and expansion by encouraging an increase
13 of private investment by banks, investment houses, insurance com-
14 panies, and other financial institutions, including pension and re-
15 tirement funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place
18 in the state.

19 * Sec. 4. AS 44.88.070 is amended to read:

20 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
21 authority is to promote, develop and advance the general prosperity
22 and economic welfare of the people of Alaska, to relieve problems of
23 unemployment, and to create additional employment by providing various
24 means of financing and means of facilitating the financing of indus-
25 trial, manufacturing, and business enterprises and the other facil-
26 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
27 ing and operating the enterprises and other facilities.

28 * Sec. 5. AS 44.88.080 is amended to read:

29 X Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements
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1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent
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1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional
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1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR
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1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnish-
5 ing of water; as or in connection with mass commuting vehi-
6 cles; for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.88.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond
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1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor
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1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable
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1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 X Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities
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1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the
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1 purpose of AS 19.05 - 19.25.

2 * Sec 3. AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility. will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to
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1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

0 (6) it is in the public interest to promote the prosperity
1 and general welfare of all citizens of the state by stimulating com-
2 mercial and industrial growth and expansion by encouraging an increase
3 of private investment by banks, investment houses, insurance com-
4 panies, and other financial institutions, including pension and re-
5 tirement funds, to help satisfy the need for economic expansion;

6 (7) it is in the state's interest to import private capital
7 to create new economic activity which would not otherwise take place
8 in the state.

9 * Sec. 4. AS 44.88.070 is amended to read:

0 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
1 authority is to promote, develop and advance the general prosperity
2 and economic welfare of the people of Alaska, to relieve problems of
3 unemployment, and to create additional employment by providing various
4 means of financing and means of facilitating the financing of indus-
5 trial, manufacturing, and business enterprises and the other facil-
6 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
7 ing and operating the enterprises and other facilities.

8 * Sec. 5. AS 44.88.080 is amended to read:

9 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements
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1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent
30

1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional
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1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR
X

1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnishing
5 of water; as or in connection with mass commuting vehicles;
6 for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.88.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the
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1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond
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1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor
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1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 X Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities
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1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the
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1 purpose of AS 19.05 - 19.25.

2 * Sec 3. AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility, will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to

1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating com-
12 mercial and industrial growth and expansion by encouraging an increase
13 of private investment by banks, investment houses, insurance com-
14 panies, and other financial institutions, including pension and re-
15 tirement funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place
18 in the state.

19 * Sec. 4. AS 44.88.070 is amended to read:

20 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
21 authority is to promote, develop and advance the general prosperity
22 and economic welfare of the people of Alaska, to relieve problems of
23 unemployment, and to create additional employment by providing various
24 means of financing and means of facilitating the financing of indus-
25 trial, manufacturing, and business enterprises and the other facil-
26 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
27 ing and operating the enterprises and other facilities.

28 * Sec. 5. AS 44.88.080 is amended to read:

29 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements

1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7 AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent

1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional

1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR

1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnish-
5 ing of water; as or in connection with mass commuting vehi-
6 cles; for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.88.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond
X

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the
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1 purpose of AS 19.05 - 19.25.

2 * Sec 3. AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility, will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to

1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating com-
12 mercial and industrial growth and expansion by encouraging an increase
13 of private investment by banks, investment houses, insurance com-
14 panies, and other financial institutions, including pension and re-
15 tirement funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place
18 in the state.

19 * Sec. 4. AS 44.88.070 is amended to read:

20 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
21 authority is to promote, develop and advance the general prosperity
22 and economic welfare of the people of Alaska, to relieve problems of
23 unemployment, and to create additional employment by providing various
24 means of financing and means of facilitating the financing of indus-
25 trial, manufacturing, and business enterprises and the other facil-
26 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
27 ing and operating the enterprises and other facilities.

28 * Sec. 5. AS 44.88.080 is amended to read:

29 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements

1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent

1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional

1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR

1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnish-
5 ing of water; as or in connection with mass commuting vehi-
6 cles; for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.88.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the

1 purpose of AS 19.05 - 19.25.

2 * Sec 3. AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility, will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to

1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating com-
12 mercial and industrial growth and expansion by encouraging an increase
13 of private investment by banks, investment houses, insurance com-
14 panies, and other financial institutions, including pension and re-
15 tirement funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place
18 in the state.

19 * Sec. 4. AS 44.88.070 is amended to read:

20 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
21 authority is to promote, develop and advance the general prosperity
22 and economic welfare of the people of Alaska, to relieve problems of
23 unemployment, and to create additional employment by providing various
24 means of financing and means of facilitating the financing of indus-
25 trial, manufacturing, and business enterprises and the other facil-
26 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
27 ing and operating the enterprises and other facilities.

28 * Sec. 5. AS 44.88.080 is amended to read:

29 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements

1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent

1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional

1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR

1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnish-
5 ing of water; as or in connection with mass commuting vehi-
6 cles; for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.88.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

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1:15 5-24-84

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the
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1 purchaser. The money in the construction fund is used to pay the cost
 2 of acquiring, constructing, and equipping facilities authorized in
 3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
 4 including costs of the authorization, issuance, and sale of the bonds.
 5 To the extent allowed in the bond resolution, money in the construc-
 6 tion fund may also be used for the payment of interest on the bonds
 7 during the time of actual construction, and for any additional time,
 8 not exceeding one year after construction is completed. Money in the
 9 construction fund may also be transferred to the bond redemption fund,
 10 as permitted by the bond resolution, to establish a reserve for the
 11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
 13 in the construction fund as the committee determines. The interest
 14 earned upon or any profit derived from the sale of the investment is
 15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
 17 fund is established and shall be set apart from all other money of the
 18 state. The toll facilities revenue fund is a trust fund for the pur-
 19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
 20 charges, and rentals are deposited that are derived by the state from
 21 the ownership, lease, use, and operation of the facilities authorized
 22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
 23 rentals may not include the proceeds of any state tax or license. The
 24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
 26 est on the toll facilities bonds and principal of and interest on any
 27 other revenue bonds issued by authorization of the legislature to
 28 provide money to acquire, construct, and equip facilities authorized
 29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond
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1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

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1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
 2 tion; (2) to renewals and replacements of and repairs to the toll
 3 facilities; (3) to all improvements to toll facilities and property of
 4 toll facilities owned, used, operated, or leased in connection with
 5 toll facilities; and (4) to the future growth and expansion of all of
 6 the facilities and the possibility of additional revenue bond financ-
 7 ing for toll facilities purposes. A decision of the committee, as
 8 expressed in any bond resolution, is final when any bonds have been
 9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
 11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
 12 bonds containing this recital are conclusively considered to be valid
 13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
 15 not affected by any proceeding for the acquisition or construction of
 16 the additions, improvements, or facilities for which the bonds have
 17 been issued or by any contract in connection with the acquisition or
 18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
 20 and directed to adopt the bond resolution and prepare all other docu-
 21 ments and proceedings necessary for the issuance, sale, and delivery
 22 of the bonds or any part or series of them. The bond resolution shall
 23 fix the principal amount, denomination, date, maturities, place or
 24 places of payment, rights of redemption, if any, terms, form, condi-
 25 tions, and covenants of the bonds or each series of them. The commit-
 26 tee shall also determine and provide for the date and manner of sale
 27 of the bonds, and shall provide whether the notice of sale is to be
 28 published elsewhere in addition to the publication required by AS 37.-
 29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 X Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be fi-
 2 nanced under this article is the Knik Arm Crossing near Anchorage if
 3 the following conditions are met:

4 (1) the department submits to the governor and the legisla-
 5 ture a feasibility study that finds that the crossing is financially
 6 feasible and able to produce revenue adequate to repay the bonds with
 7 which it is financed;

8 (2) if financing in addition to revenue bonds is anticipat-
 9 ed, the department submits to the governor and legislature a finance
 10 plan to include an estimate of the total cost of the project and a
 11 description of the sources of money that will be used to finance the
 12 total cost of the project; and

13 (3) the office of management and budget reviews the feasi-
 14 bility study and the finance plan, if required, and reports its find-
 15 ings and recommendations to the governor and legislature not later
 16 than 90 days after the study and plan are received by the office.

17 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
 18 transportation and public facilities shall fix and collect the fees,
 19 charges, tolls, and rentals derived by the state from the ownership,
 20 lease, use, and operation of the facilities authorized by AS 37.15.720
 21 and 37.15.730 and improvements of the facilities as will provide
 22 revenues sufficient to comply with all of the covenants of the bond
 23 resolution.

24 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
 25 760 shall be liberally construed in order to carry out the purposes
 26 for which the provisions were enacted, and all existing laws in con-
 27 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
 28 accomplish the purposes of AS 37.15.610 - 37.15.760.

29 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,

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1 unless the context requires otherwise

2 (1) "bond redemption fund" means the toll facilities reve-
3 nue bond redemption fund created by AS 37.15.640, including any ac-
4 counts that are created in that fund after the effective date of this
5 Act;

6 (2) "bond resolution" means the resolution authorizing the
7 issuance of bonds, adopted by the committee under AS 37.15.660;

8 (3) "bonds" means the toll facilities revenue bonds autho-
9 rized by AS 37.15.610 - 37.15.760;

10 (4) "committee" means the state bond committee created by
11 AS 37.15.110, or any other committee, body, department, or officer of
12 the state that or who succeeds to the rights, powers, duties, and
13 obligations of the state bond committee by act of the legislature;

14 (5) "construction fund" means the toll facilities construc-
15 tion fund created by AS 37.15.620;

16 (6) "revenue fund" means the toll facilities revenue fund
17 created by AS 37.15.630;

18 (7) "toll facilities" means highways, roads, bridges,
19 crossings, and causeways upon which tolls, charges, rentals, or other
20 user fees are placed by the commissioner of transportation and public
21 facilities.

22 * Sec. 2. AS 19.05.040 is amended to read:

23 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 24 (1) acquire property;
- 25 (2) exercise the power of eminent domain;
- 26 (3) take immediate possession of real property, or any
27 interest in it under a declaration of taking or by other lawful means;
- 28 (4) acquire rights-of-way for present or future use;
- 29 (5) control access to highways;

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- (6) regulate roadside development;
- (7) preserve and maintain the scenic beauty along state highways;
- (8) dispose of property acquired for highway purposes;
- (9) accept and dispose of federal funds or property available for highway construction, maintenance, or equipment;
- (10) enter into contracts or agreements relating to highways with the federal government, municipalities, a political subdivision, or with a foreign government, if the contract is approved by the federal government; [AND]
- (11) establish, levy, and collect tolls, fees, charges, and rentals for the use of state roads, highways, bridges, crossings, and causeways; and
- (12) exercise any other power necessary to carry out the purpose of AS 19.05 - 19.25.

* Sec 3. AS 44.88.010(a) is amended to read:

(a) The legislature finds, determines and declares that

- (1) there exist areas of the state in which seasonal and nonseasonal unemployment exist;
- (2) this unemployment is a serious menace to the health, safety and general welfare, not only to the people in those areas, but also to the people of the entire state;
- (3) the state lacks the basic manufacturing, industrial, and business enterprises and the other facilities referred to in (5) of this subsection necessary to permit adequate development of its natural resources and the balanced growth of its economy;
- (4) the establishment and expansion of industrial, manufacturing, and business enterprises in Alaska and the other facilities referred to in (5) of this subsection are essential to the

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1 development of the natural resources and the long-term economic growth
2 of the state, and will directly and indirectly alleviate unemployment
3 in the state;

4 (5) the achievement of the goal of full employment, and of
5 establishment and continuing operation and development of industrial,
6 manufacturing, and business enterprises in the state, including,
7 without limitation, facilities for [AIR AND WATER] transportation,
8 facilities for pollution control and waste disposal, facilities for
9 the local furnishing of gas, facilities for water, [AND] facilities
10 for industrial parks, mass commuting vehicles, facilities for local
11 district heating or cooling, parking facilities, or a storage or
12 training facility relating to a plant or facility, will be accelerated
13 and facilitated by the creation of an instrumentality of the state
14 with powers to incur debt, to own and operate facilities, [AND] to
15 make and insure loans to finance, and to assist private lenders to
16 make loans to finance, the establishment, operation, and development
17 of industrial, manufacturing, and business enterprises, including,
18 without limitation, facilities for [AIR AND WATER] transportation,
19 facilities for pollution control and waste disposal, facilities for
20 the local furnishing of gas, facilities for water, [AND] facilities
21 for industrial parks, mass commuting vehicles, facilities for local
22 district heating or cooling, parking facilities, or a storage or
23 training facility relating to a plant or facility;

24 (6) it is in the public interest to promote the prosperity
25 and general welfare of all citizens of the state by stimulating com-
26 mercial and industrial growth and expansion by encouraging an increase
27 of private investment by banks, investment houses, insurance com-
28 panies, and other financial institutions, including pension and re-
29 tirement funds, to help satisfy the need for economic expansion;

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1 (7) it is in the state's interest to import private capital
 2 to create new economic activity which would not otherwise take place
 3 in the state.

4 * Sec. 4. AS 44.88.070 is amended to read:

5 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
 6 authority is to promote, develop and advance the general prosperity
 7 and economic welfare of the people of Alaska, to relieve problems of
 8 unemployment, and to create additional employment by providing various
 9 means of financing and means of facilitating the financing of indus-
 10 trial, manufacturing, and business enterprises and the other facil-
 11 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
 12 ing and operating the enterprises and other facilities.

13 * Sec. 5. AS 44.88.080 is amended to read:

14 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its
 15 corporate purposes, the authority has the following powers in addition
 16 to its other powers:

17 (1) to sue and be sued;

18 (2) to have a seal and alter it at pleasure;

19 (3) to make and alter bylaws for its organization and
 20 internal management;

21 (4) to adopt regulations governing the exercise of its
 22 corporate powers;

23 (5) to acquire an interest in a project as necessary or
 24 appropriate to provide financing for the project, whether by purchase,
 25 gift or lease;

26 (6) to lease to others a project acquired by it for the
 27 rentals and upon the terms and conditions the authority may consider
 28 advisable, including, without limitation, provisions for options to
 29 purchase or renew;

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1 (7) to issue bonds, in accordance with AS 44.88.090, to pay
2 the cost of a project and to secure payment of the bonds as provided
3 in this chapter;

4 (8) to sell, by installment sale or otherwise, exchange,
5 donate, convey or encumber in any manner by mortgage or by creation of
6 any other security interest, real or personal property owned by it, or
7 in which it has an interest, including a project, when, in the judg-
8 ment of the authority, the action is in furtherance of its corporate
9 purposes;

10 (9) to accept gifts, grants or loans from, and enter into
11 contracts or other transactions regarding them, with a federal agency
12 or an agency or instrumentality of the state, a municipality, private
13 organization or other source;

14 (10) to deposit or invest its funds, subject to agreements
15 with bondholders;

16 (11) to enter into contracts or agreements with respect to
17 the exercise of any of its powers, and do all things necessary or
18 convenient to carry out its corporate purposes and exercise the powers
19 granted in this chapter;

20 (12) to purchase or insure loans to finance the costs of
21 manufacturing, industrial, and business enterprise projects;

22 (13) to enter into loan agreements with respect to one or
23 more projects upon the terms and conditions the authority considers
24 advisable;

25 (14) to acquire, manage, and operate projects as the author-
26 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
27 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
28 TY FROM LOSSES];

29 (15) to assist private lenders to make loans to finance the

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1 costs of projects through loan commitments, short-term financing, or
2 otherwise;

3 (16) to accept gifts, grants, or loans from a federal agen-
4 cy, from an agency or instrumentality of the state or of a munici-
5 pality, or from any other source;

6 (17) to enter into contracts or other transactions with a
7 federal agency, with an agency or instrumentality of the state or of a
8 municipality, or with a private organization or other entity consis-
9 tent with the exercise of any power under this chapter;

10 (18) to facilitate the expansion of a secondary market for
11 the resale of federally or commercially insured loans made to finance
12 the costs of projects in Alaska held by federal and state chartered
13 financial institutions or by the Alaska Commercial Fishing and Agri-
14 culture Bank;

15 (19) to charge fees or other forms of remuneration for the
16 use or possession of the projects described in (14) of this section in
17 accordance with the agreements described in (11) and (17) of this
18 section, other agreements pertaining to the projects, covenants, or
19 representations made in bond documents pertaining to the projects, or
20 regulations of the authority pertaining to the projects.

21 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

22 (h) Notwithstanding any other provision of this section, the
23 authority may waive or modify the requirements of (a) of this section
24 establishing maximum costs of \$10,000,000 for a project and the re-
25 quirements of (f) of this section as it considers appropriate and
26 prudent in order to finance a project if the authority intends to own
27 the project. However, if the authority intends to lease or otherwise
28 permit the state to use or occupy a majority of the project, the
29 authority may only establish a reserve fund under (g) of this section
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1 to secure bonds issued to finance a project.

2 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

3 (g) Notwithstanding any other provision of this section, the
4 authority may waive or modify the requirements of this section as it
5 considers appropriate and prudent in order to finance a project if the
6 authority intends to own the project.

7 * Sec. 8. AS 44.88 is amended by adding new sections to read:

8 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
9 development fund is established in the authority. The fund consists
10 of money or assets appropriated, loaned, or transferred to the author-
11 ity, and other money or assets deposited in the fund by the authority.
12 The fund may only be used to finance, acquire, manage, and operate
13 projects that the authority intends to own and operate. The term
14 "operate" includes operation directly by the authority, or by an agent
15 of the authority.

16 (b) If a project is financed or developed through use of the
17 assets of the economic development fund, the authority may not pledge
18 or use other assets of the authority to assist in the financing,
19 development, or operation of the project. However, whether or not the
20 authority uses the economic development fund, it may issue bonds to
21 finance a project and may secure the bonds with a mortgage, pledge, or
22 assignment of the project or of revenues, money, or agreements attrib-
23 utable to the project or the bonds as provided in sec. 10 of this Act.

24 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
25 financed under AS 44.88.172, the authority shall prepare a finance
26 plan. The finance plan must include an estimate of the total cost of
27 the project, and a description of the sources of money that will be
28 used to finance the total cost of the project. The finance plan must
29 also include an estimate of the operational costs of the completed
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1 project, as well as a description of the source of the money that is
2 to be used to pay the operational costs.

3 (b) The authority shall give preference to a project that does
4 not require financial assistance from the state. If the authority
5 determines that a project requires state financial assistance, and if
6 the authority further determines that it is desirable to finance the
7 project, the authority shall recommend a method of financing that
8 minimizes cost to the state. A finance plan required under (a) of
9 this section must identify the method of financing that minimizes the
10 cost to the state.

11 (c) The authority shall submit a finance plan prepared under
12 this section to the state bond committee, the governor, and the legis-
13 lature before issuing bonds or otherwise incurring debt for the proj-
14 ect. If a project requires financial assistance from the state, the
15 state financial assistance must be available before bonds are issued
16 for the project.

17 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
18 30 days after the authority adopts a resolution certifying that a
19 project in the unorganized borough is eligible for financing under
20 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
21 Council in the area of the state where the project is to be located
22 and for which a regional housing authority has been established under
23 AS 18.55.996. The purpose of a council is to assist the authority in
24 reviewing a project that has been proposed for development in its area
25 of the state.

26 (b) A Regional Resource Advisory Council consists of five mem-
27 bers registered to vote in the region. The governor shall appoint the
28 members to reflect the economic and geographic diversity of the re-
29 gion. Council members serve three-year terms at the pleasure of the
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1 governor, except that the initial members may be appointed for less
 2 than three years so that the term of at least one of the members
 3 expires each year. The governor shall appoint a chairperson who shall
 4 call meetings as required and preside over the deliberations of the
 5 council. A majority of the council constitutes a quorum for conduct-
 6 ing the business of the council.

7 (c) Members of a Regional Resource Advisory Council do not
 8 receive compensation for their services on the council, but are en-
 9 titled to per diem and travel expenses authorized by law for state
 10 boards and commissions under AS 39.20.180.

11 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
 12 Before entering into an agreement to finance or to develop a proposed
 13 project with a cost in excess of \$10,000,000 that is financed under
 14 AS 44.88.172, the authority shall obtain the approval of each Regional
 15 Resource Advisory Council or municipality in the area in which the
 16 proposed project is to be located. Approval under this subsection
 17 must be evidenced by a certified copy of a resolution of the council
 18 or of the governing body of the municipality.

19 (b) Before approving a project financed under AS 44.88.172 for
 20 which bonds must be issued, the authority shall

21 (1) obtain approval under (a) of this section;

22 (2) find, on the basis of all information reasonably avail-
 23 able to it, that

24 (A) the project and its development under this chapter
 25 will be economically advantageous to the state and to the general
 26 public welfare and will contribute to the economic growth of the
 27 state;

28 (B) the project applicant is financially responsible;

29 (C) the project is economically and financially
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1 feasible and able to produce revenue adequate to repay the bonds
2 or loans with which it is financed;

3 (D) increased demand on public facilities that might
4 result from the project will be provided for;

5 (E) the project will provide or retain employment
6 reasonably related to the amount of the financing by the authori-
7 ty, considering the amount of investment per employee for compa-
8 rable facilities, and other relevant factors;

9 (F) the scope of the project is sufficient to provide
10 a reasonable expectation of a benefit to the economy of the
11 state;

12 (G) the project is in compliance with applicable law;
13 and

14 (H) issuance of the bonds is not expected to adversely
15 affect the ability of the state or any political subdivision of
16 the state to market other bonds.

17 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
18 considering a resolution regarding the approval or rejection of the
19 development or financing of a proposed project with a cost in excess
20 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
21 source Advisory Council shall conduct a public hearing within the
22 region. If a proposed project is located within a municipality, the
23 governing body of a municipality shall conduct a hearing on the pro-
24 posed project.

25 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
26 under AS 44.88.172, the authority shall solicit the review and advice
27 of the Regional Resource Advisory Council or governing body in the
28 area in which a project is located before the execution of contracts,
29 agreements, resolutions, or other matters that directly concern the
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1 development, maintenance, and operation of a project.

2 * Sec. 9. AS 44.88.220(5) is amended to read:

3 (5) "project" means

4 (A) a plant or facility used or intended for use

5 (i) in connection with making, processing, pre-
6 paring, or producing in any manner, goods, products or
7 substances of any kind or nature or in connection with
8 developing or utilizing a natural resource, or extracting,
9 smelting, transporting, converting, assembling or producing
10 in any manner, minerals, raw materials, chemicals, com-
11 pounds, alloys, fibers, commodities and materials, products
12 or substances of any kind or nature;

13 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
14 FOR USE] as an industrial park; [OR] in connection with [AIR
15 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
16 the prevention, limitation or control of [AIR OR WATER]
17 pollution; [,] for the disposal of sewage or solid waste;
18 [,] for the local furnishing of gas; [, OR] for the furnish-
19 ing of water; as or in connection with mass commuting vehi-
20 cles; for local district heating or cooling; as a parking
21 facility; or as a storage or training facility directly
22 related to a plant or facility described in this paragraph;

23 (B) a plant or facility used or intended for use in
24 connection with a business enterprise;

25 (C) commercial activity by a small enterprise;

26 * Sec. 10. The authority may not issue bonds to assist in the acquisi-
27 tion, financing, or operation of projects under AS 44.88.172, enacted by
28 sec. 6 of this Act without prior legislative approval.

29 * Sec. 11. It is the intent of the legislature to minimize the cost of
X SCS CSHB 661(Fin)

1 state financial assistance for projects funded under AS 44.88.172, enacted
 2 by sec. 6 of this Act. To the extent possible, financial assistance shall
 3 be extended in the form of loans.

4 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
 5 10.070(c).

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Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the

1 purpose of AS 19.05 - 19.25.

2 * Sec 3, AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility, will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to

1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating com-
12 mercial and industrial growth and expansion by encouraging an increase
13 of private investment by banks, investment houses, insurance com-
14 panies, and other financial institutions, including pension and re-
15 tirement funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place
18 in the state.

19 * Sec. 4. AS 44.88.070 is amended to read:

20 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
21 authority is to promote, develop and advance the general prosperity
22 and economic welfare of the people of Alaska, to relieve problems of
23 unemployment, and to create additional employment by providing various
24 means of financing and means of facilitating the financing of indus-
25 trial, manufacturing, and business enterprises and the other facil-
26 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
27 ing and operating the enterprises and other facilities.

28 * Sec. 5. AS 44.88.080 is amended to read:

29 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its
SCS CSHB 661(Fin) -12-

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements

1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent

1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional

1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR

1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnish-
5 ing of water; as or in connection with mass commuting vehi-
6 cles; for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.8b.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

~~Fischer~~

by Fischer

AMENDMENT TO CS HB 661 (Transp)

page 8, line 29. Amend Sec. 37.15.730 to read:

KNIK ARM CROSSING. Notwithstanding the provisions of AS 37.15.720 the first state toll facility to be constructed is the Knik Arm Crossing near Anchorage[.] if the following conditions are met:

(1) the department submits to the governor and the legislature a feasibility study that finds that the crossing is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

(2) if financing in addition to revenue bonds is anticipated, the department submits to the governor and legislature a finance plan to include an estimate of the total cost of the project and a description of the sources of money that will be used to finance the total cost of the project; and

(3) the office of management and budget reviews the feasibility study and the finance plan, if required, and reports its findings and recommendations to the governor and legislature not later than 90 days after the study and plan are received by the office.

5/21/84

Department of Transportation and Public Facilities
Department of Commerce and Economic Development

Draft SCS CSHB 661 (Fin)
Section By Section Analysis

MAY 22 1984

"An Act authorizing the construction of the Knik Arm Crossing and relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority."

Sec. 37.15.610 BOND AUTHORIZATION - Provides authority to sell up to \$500,000,000 in revenue bonds for toll bridge and highway construction. This authority can only be used if projects can demonstrate, through a "bond test," the ability to repay the borrowing with project revenues.

Sec. 37.15.620 to 640 CONSTRUCTION, REVENUE, BOND REDEMPTION FUNDS - These funds operate to handle project funds in a way recognized to be acceptable to both the State and bond buyers.

Sec. 37.15.650 BOND TERMS - The terms and conditions of bond sale affect the marketability of the issue. Contents of this section define the terms and conditions in law to be cited in the bond issue. The model follows the airport revenue fund which has been used successfully for a number of issues.

Sec. 37.15.660 BOND RESOLUTION - The resolution is another procedural step that fixes the principal amount, denomination, date, maturities, place of payment, rights of redemption, terms, forms, conditions, and covenants of the bonds.

Sec. 37.15.670 ENFORCEMENT BY HOLDER - This section informs the bondholder of his rights if there is a breach of bond conditions.

Sec. 37.15.680 AMOUNTS REQUIRED FOR PAYMENTS - Payments to bondholders will be made in the manner prescribed in this section.

Sec. 37.15.690 BOND NEGOTIABILITY - This says bonds are negotiable instruments.

Sec. 37.15.700 REFUNDING - An outstanding issue may be retired by replacing it with a new issue. The object of refunding may be to save interest cost, extend the maturity of the debt, or to relax or remove restrictive covenants.

Sec. 37.15.710 BONDS AS LEGAL INVESTMENTS - This identifies the bonds as legal investments for trust companies, savings banks, savings and loan associations and other likely buyers of the issues.

Section By Section Analysis

Sec. 37.15.720 STATE TOLL FACILITIES - The types of facilities to which the legislation applies are bridges, highways, roads, crossings, and causeways.

Sec. 37.15.730 KNIK ARM CROSSING - The Legislature, through this section, identifies the first priority project for toll revenue financing.

PROPOSED REVISION: Notwithstanding the provisions of AS 37.15.720 the first State toll facility to be financed under this article is the Knik Arm Crossing near Anchorage.

Sec. 37.15.740 TOLL FACILITY CHARGES - Provides the method for setting toll facility charges at the level required by covenants in the bond resolution.

Sec. 37.15.750 STATUTORY CONSTRUCTION - This tells bondholders that state laws will be interpreted as broadly as possible in their favor.

Sec. 37.15.760 DEFINITIONS - Defines terms used in writing in the statute.

Sec. 19.05.040 POWERS OF DEPARTMENT - Adds to the powers of the Department of Transportation and Public Facilities toll collection for State roads, highways, bridges, crossings, and causeways.

Sec. 3. AS 44.88.010(a)(5). This section amends the policy statement of the authority to broaden the range of projects that can be financed through the authority as well as allowing the authority to own and operate facilities.

Sec. 4. AS 44.88.070. This section amends the purpose of the authority to allow ownership and operation of certain specified facilities.

Sec. 5. AS 44.88.080(14). This section amends the list of powers of the authority, to allow the authority to own and operate projects if it serves a public purpose, rather than just in the case of a default.

Sec. 6. AS 44.88.080. This section adds a new paragraph to the authority's list of powers, which permits the authority to levy fees and charges for use of facilities owned by the authority.

Sec. 7. AS 44.88.105. This section allows the authority to waive certain provisions when financing projects the authority intends to own. These waivers permit the authority to establish capital reserve funds for projects costing more than \$10 million, and to not require a 20% bank participation on these projects. However, the authority may not establish a capital reserve fund for a project that would entail the State's "moral obligation" if the State were going to use a majority of the project.

Section By Section Analysis

Sec. 8. AS 44.88.15b. This section allows the authority to waive provisions of the Enterprise Development Funds if it is used to finance projects owned by the authority.

Sec. 9. This section does the following:

Sec. 44.88.172. It establishes the Economic Development Fund, which can only be used to finance and operate projects which the authority intends to own and operate.

Sec. 44.88.173. FINANCE PLAN. This requires the authority to prepare a finance plan before financing a project under the Economic Development Fund. The finance plan must contain an estimate of total capital cost and operational cost of a project, and must identify the source of funds for these costs. It also requires the authority to give preference to projects which do not require financial assistance.

PROPOSED AMENDMENT. Sec. 44.88.173(c) should be amended by deleting the last sentence: If a project requires financial assistance from the State, the State financial assistance must be available before bonds are issued for the project.

This wording could be interpreted such that total funding for a project must be appropriated before bonds for any segment of the project can be issued. Typically on a major project, funds are appropriated over several years and bonds are issued for the various segments of the project for which the funds have been appropriated.

Sec. 44.88.174. It establishes Regional Development Advisory Councils. These councils may be established in the unorganized borough along the boundaries of regional housing authorities. The councils each consist of five members from the relevant area appointed by the Governor. A council shall be organized only after the authority receives a project proposal for its areas.

Sec. 44.88.175(a). It establishes the requirement that the authority must obtain approval from the relevant Regional Development Advisory Council or municipality before any project in their area which costs in excess of \$10 million can be financed with the Economic Development Fund.

Sec. 44.88.175(b). Before issuing any bonds to finance a project using the Economic Development Fund, the authority must make various findings, including that the project is advantageous to the State and financially feasible.

Section By Section Analysis

Sec. 44.88.176. Before a Regional Development Advisory Council or municipality can provide approval for projects referenced in this section, it must hold a public hearing within its area.

Sec. 44.88.177. It requires that the authority solicit the review of the relevant council or municipality for any project owned and operated by the authority within their area.

Sec. 10. AS 44.88.220(5). This section amends the definition list of eligible projects that the authority may provide financing for. The authority may only own and operate projects that are listed in this section.

Sec. 11. Adds intent to minimize State financial assistance.

PROPOSED AMENDMENT. Sec. 11 should be renumbered to Section 12 and a new section 11 should be added to read: In addition to any other authorization to issue bonds or notes, the authority may issue bonds in a principal amount not to exceed \$20,000,000 to assist in the acquisition, financing, or operation of projects under AS 44.88.172, enacted by Sec. 6 of this Act.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the

1 purpose of AS 19.05 - 19.25.

2 * Sec 3. AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility, will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to

1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating com-
12 mercial and industrial growth and expansion by encouraging an increase
13 of private investment by banks, investment houses, insurance com-
14 panies, and other financial institutions, including pension and re-
15 tirement funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place
18 in the state.

19 * Sec. 4. AS 44.88.070 is amended to read:

20 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
21 authority is to promote, develop and advance the general prosperity
22 and economic welfare of the people of Alaska, to relieve problems of
23 unemployment, and to create additional employment by providing various
24 means of financing and means of facilitating the financing of indus-
25 trial, manufacturing, and business enterprises and the other facil-
26 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
27 ing and operating the enterprises and other facilities.

28 * Sec. 5. AS 44.88.080 is amended to read:

29 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements

1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent

1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional
X

1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR

1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnish-
5 ing of water; as or in connection with mass commuting vehi-
6 cles; for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.88.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN
RULES COMMITTEE



JAN FAIKS
POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

Senate

MEMORANDUM

TO: ~~411~~ Members
Senate Finance Committee

FROM: Senator Jan Faiks

RE: CSHB 661 (Trans)

DATE: May 23, 1984

Section 1. Adds a new article to the State Bonding Act-Toll Facilities Revenue Bonds

Bond Authorization

Sale of revenue bonds in the amount of \$500,000,000 is authorized to acquire, construct, and maintain toll bridges, highways, roads, crossings and causeways. Principal and interest is to be paid out of gross revenues derived from these toll facilities.

Construction Fund

This fund is for the deposit of proceeds of the sale of bonds and any grant money, but not interest paid. Money is to be used for acquiring and constructing facilities. Money may be invested and the interest deposited into the construction fund.

Revenue Fund.

All fees and tolls must be deposited in this fund. Money in this fund shall be used to pay principal and interest on revenue bonds, pay the costs of maintaining facilities, repairs, additions, and improvements. The money may be invested as the state bond committee determines.

Bond Redemption Fund

Contains money for paying and securing the payment of principal and interest on bonds. Money shall be appropriated from the revenue fund to make the payments as they become due.

Bond Terms

Bond committee must sell bonds to the highest responsible bidder. Interest rate may not exceed 11% per year or 125% of the rate of the Bond Buyer Index of the 20 municipal bond average yields for the prior week, whichever is higher. Bond is not subject to redemption before its fixed maturity date unless so stated on the face of the bond.

Bond Resolution

The bond committee must adopt the bond resolution and prepare all documents necessary for the sale of bonds.

Enforcement By Holder

The holder of any bonds may access the courts of the states to compel the enforcement of all terms and covenants.

Amounts Required for Payments

The committee must advise the Commissioner of Revenue of the amounts required in the next year to be paid out of the revenue fund into the bond redemption fund.

Bond Negotiability

Bonds and coupons are negotiable instruments.

Refunding

Bonds may be refunded at maturity at the committee's discretion.

Bonds as Legal Instruments

Bonds are legal investments and may be accepted as security.

State Toll Facilities

The state is authorized to acquire, construct, and maintain causeways.

Knik Arm Crossing

The first state toll facility will be the Knik Arm Crossing.

Toll Facility Charges

The Commissioner of DOT/PF shall fix and collect fees.

Statutory Construction

All conflicting laws are superceded in order to carry out the purposes of this legislation.

Definitions

Section 2.

Adds a new section to the Powers of the Department of Transportation/Public Facilities.

The list of powers and duties of DOT/PF is expanded to include the power to levy and collect tolls and fees.

5/21/84

Department of Transportation and Public Facilities
Department of Commerce and Economic Development

Draft SCS CSHB 661 (Fin)
Section By Section Analysis

MAY 22 1984

"An Act authorizing the construction of the Knik Arm Crossing and relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority."

Sec. 37.15.610 BOND AUTHORIZATION - Provides authority to sell up to \$500,000,000 in revenue bonds for toll bridge and highway construction. This authority can only be used if projects can demonstrate, through a "bond test," the ability to repay the borrowing with project revenues.

Sec. 37.15.620 to 640 CONSTRUCTION, REVENUE, BOND REDEMPTION FUNDS - These funds operate to handle project funds in a way recognized to be acceptable to both the State and bond buyers.

Sec. 37.15.650 BOND TERMS - The terms and conditions of bond sale affect the marketability of the issue. Contents of this section define the terms and conditions in law to be cited in the bond issue. The model follows the airport revenue fund which has been used successfully for a number of issues.

Sec. 37.15.660 BOND RESOLUTION - The resolution is another procedural step that fixes the principal amount, denomination, date, maturities, place of payment, rights of redemption, terms, forms, conditions, and covenants of the bonds.

Sec. 37.15.670 ENFORCEMENT BY HOLDER - This section informs the bondholder of his rights if there is a breach of bond conditions.

Sec. 37.15.680 AMOUNTS REQUIRED FOR PAYMENTS - Payments to bondholders will be made in the manner prescribed in this section.

Sec. 37.15.690 BOND NEGOTIABILITY - This says bonds are negotiable instruments.

Sec. 37.15.700 REFUNDING - An outstanding issue may be retired by replacing it with a new issue. The object of refunding may be to save interest cost, extend the maturity of the debt, or to relax or remove restrictive covenants.

Sec. 37.15.710 BONDS AS LEGAL INVESTMENTS - This identifies the bonds as legal investments for trust companies, savings banks, savings and loan associations and other likely buyers of the issues.

Section By Section Analysis

Sec. 37.15.720 STATE TOLL FACILITIES - The types of facilities to which the legislation applies are bridges, highways, roads, crossings, and causeways.

Sec. 37.15.730 KNIK ARM CROSSING - The Legislature, through this section, identifies the first priority project for toll revenue financing.

PROPOSED REVISION: Notwithstanding the provisions of AS 37.15.720 the first State toll facility to be financed under this article is the Knik Arm Crossing near Anchorage.

Sec. 37.15.740 TOLL FACILITY CHARGES - Provides the method for setting toll facility charges at the level required by covenants in the bond resolution.

Sec. 37.15.750 STATUTORY CONSTRUCTION - This tells bondholders that state laws will be interpreted as broadly as possible in their favor.

Sec. 37.15.760 DEFINITIONS - Defines terms used in writing in the statute.

Sec. 19.05.040 POWERS OF DEPARTMENT - Adds to the powers of the Department of Transportation and Public Facilities toll collection for State roads, highways, bridges, crossings, and causeways.

Sec. 3. AS 44.88.010(a)(5). This section amends the policy statement of the authority to broaden the range of projects that can be financed through the authority as well as allowing the authority to own and operate facilities.

Sec. 4. AS 44.88.070. This section amends the purpose of the authority to allow ownership and operation of certain specified facilities.

Sec. 5. AS 44.88.080(14). This section amends the list of powers of the authority, to allow the authority to own and operate projects if it serves a public purpose, rather than just in the case of a default.

Sec. 6. AS 44.88.080. This section adds a new paragraph to the authority's list of powers, which permits the authority to levy fees and charges for use of facilities owned by the authority.

Sec. 7. AS 44.88.105. This section allows the authority to waive certain provisions when financing projects the authority intends to own. These waivers permit the authority to establish capital reserve funds for projects costing more than \$10 million, and to not require a 20% bank participation on these projects. However, the authority may not establish a capital reserve fund for a project that would entail the State's "moral obligation" if the State were going to use a majority of the project.

Section By Section Analysis

Sec. 8. AS 44.88.15b. This section allows the authority to waive provisions of the Enterprise Development Funds if it is used to finance projects owned by the authority.

Sec. 9. This section does the following:

Sec. 44.88.172. It establishes the Economic Development Fund, which can only be used to finance and operate projects which the authority intends to own and operate.

Sec. 44.88.173. FINANCE PLAN. This requires the authority to prepare a finance plan before financing a project under the Economic Development Fund. The finance plan must contain an estimate of total capital cost and operational cost of a project, and must identify the source of funds for these costs. It also requires the authority to give preference to projects which do not require financial assistance.

PROPOSED AMENDMENT. Sec. 44.88.173(c) should be amended by deleting the last sentence: If a project requires financial assistance from the State, the State financial assistance must be available before bonds are issued for the project.

This wording could be interpreted such that total funding for a project must be appropriated before bonds for any segment of the project can be issued. Typically on a major project, funds are appropriated over several years and bonds are issued for the various segments of the project for which the funds have been appropriated.

Sec. 44.88.174. It establishes Regional Development Advisory Councils. These councils may be established in the unorganized borough along the boundaries of regional housing authorities. The councils each consist of five members from the relevant area appointed by the Governor. A council shall be organized only after the authority receives a project proposal for its areas.

Sec. 44.88.175(a). It establishes the requirement that the authority must obtain approval from the relevant Regional Development Advisory Council or municipality before any project in their area which costs in excess of \$10 million can be financed with the Economic Development Fund.

Sec. 44.88.175(b). Before issuing any bonds to finance a project using the Economic Development Fund, the authority must make various findings, including that the project is advantageous to the State and financially feasible.

Section By Section Analysis

Sec. 44.88.176. Before a Regional Development Advisory Council or municipality can provide approval for projects referenced in this section, it must hold a public hearing within its area.

Sec. 44.88.177. It requires that the authority solicit the review of the relevant council or municipality for any project owned and operated by the authority within their area.

Sec. 10. AS 44.88.220(5). This section amends the definition list of eligible projects that the authority may provide financing for. The authority may only own and operate projects that are listed in this section.

Sec. 11. Adds intent to minimize State financial assistance.

PROPOSED AMENDMENT. Sec. 11 should be renumbered to Section 12 and a new section 11 should be added to read: In addition to any other authorization to issue bonds or notes, the authority may issue bonds in a principal amount not to exceed \$20,000,000 to assist in the acquisition, financing, or operation of projects under AS 44.88.172, enacted by Sec. 6 of this Act.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR HOUSE BILL NO. 661 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) - (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be
2 financed under this article is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

- 10 (1) acquire property;
- 11 (2) exercise the power of eminent domain;
- 12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;
- 14 (4) acquire rights-of-way for present or future use;
- 15 (5) control access to highways;
- 16 (6) regulate roadside development;
- 17 (7) preserve and maintain the scenic beauty along state
18 highways;
- 19 (8) dispose of property acquired for highway purposes;
- 20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;
- 22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]
- 26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and
- 29 (12) exercise any other power necessary to carry out the

1 purpose of AS 19.05 - 19.25.

2 * Sec 3. AS 44.88.010(a) is amended to read:

3 (a) The legislature finds, determines and declares that

4 (1) there exist areas of the state in which seasonal and
5 nonseasonal unemployment exist;

6 (2) this unemployment is a serious menace to the health,
7 safety and general welfare, not only to the people in those areas, but
8 also to the people of the entire state;

9 (3) the state lacks the basic manufacturing, industrial,
10 and business enterprises and the other facilities referred to in (5)
11 of this subsection necessary to permit adequate development of its
12 natural resources and the balanced growth of its economy;

13 (4) the establishment and expansion of industrial, man-
14 ufacturing, and business enterprises in Alaska and the other facil-
15 ities referred to in (5) of this subsection are essential to the
16 development of the natural resources and the long-term economic growth
17 of the state, and will directly and indirectly alleviate unemployment
18 in the state;

19 (5) the achievement of the goal of full employment, and of
20 establishment and continuing operation and development of industrial,
21 manufacturing, and business enterprises in the state, including,
22 without limitation, facilities for [AIR AND WATER] transportation,
23 facilities for pollution control and waste disposal, facilities for
24 the local furnishing of gas, facilities for water, [AND] facilities
25 for industrial parks, mass commuting vehicles, facilities for local
26 district heating or cooling, parking facilities, or a storage or
27 training facility relating to a plant or facility, will be accelerated
28 and facilitated by the creation of an instrumentality of the state
29 with powers to incur debt, to own and operate facilities, [AND] to

1 make and insure loans to finance, and to assist private lenders to
2 make loans to finance, the establishment, operation, and development
3 of industrial, manufacturing, and business enterprises, including,
4 without limitation, facilities for [AIR AND WATER] transportation,
5 facilities for pollution control and waste disposal, facilities for
6 the local furnishing of gas, facilities for water, [AND] facilities
7 for industrial parks, mass commuting vehicles, facilities for local
8 district heating or cooling, parking facilities, or a storage or
9 training facility relating to a plant or facility;

10 (6) it is in the public interest to promote the prosperity
11 and general welfare of all citizens of the state by stimulating com-
12 mercial and industrial growth and expansion by encouraging an increase
13 of private investment by banks, investment houses, insurance com-
14 panies, and other financial institutions, including pension and re-
15 tirement funds, to help satisfy the need for economic expansion;

16 (7) it is in the state's interest to import private capital
17 to create new economic activity which would not otherwise take place
18 in the state.

19 * Sec. 4. AS 44.88.070 is amended to read:

20 Sec. 44.88.070. PURPOSE OF THE AUTHORITY. The purpose of the
21 authority is to promote, develop and advance the general prosperity
22 and economic welfare of the people of Alaska, to relieve problems of
23 unemployment, and to create additional employment by providing various
24 means of financing and means of facilitating the financing of indus-
25 trial, manufacturing, and business enterprises and the other facil-
26 ities referred to in AS 44.88.010(a)(5) within the state, and by own-
27 ing and operating the enterprises and other facilities.

28 * Sec. 5. AS 44.88.080 is amended to read:

29 Sec. 44.88.080. POWERS OF THE AUTHORITY. In furtherance of its

1 corporate purposes, the authority has the following powers in addition
2 to its other powers:

3 (1) to sue and be sued;

4 (2) to have a seal and alter it at pleasure;

5 (3) to make and alter bylaws for its organization and
6 internal management;

7 (4) to adopt regulations governing the exercise of its
8 corporate powers;

9 (5) to acquire an interest in a project as necessary or
10 appropriate to provide financing for the project, whether by purchase,
11 gift or lease;

12 (6) to lease to others a project acquired by it for the
13 rentals and upon the terms and conditions the authority may consider
14 advisable, including, without limitation, provisions for options to
15 purchase or renew;

16 (7) to issue bonds, in accordance with AS 44.88.090, to pay
17 the cost of a project and to secure payment of the bonds as provided
18 in this chapter;

19 (8) to sell, by installment sale or otherwise, exchange,
20 donate, convey or encumber in any manner by mortgage or by creation of
21 any other security interest, real or personal property owned by it, or
22 in which it has an interest, including a project, when, in the judg-
23 ment of the authority, the action is in furtherance of its corporate
24 purposes;

25 (9) to accept gifts, grants or loans from, and enter into
26 contracts or other transactions regarding them, with a federal agency
27 or an agency or instrumentality of the state, a municipality, private
28 organization or other source;

29 (10) to deposit or invest its funds, subject to agreements

1 with bondholders;

2 (11) to enter into contracts or agreements with respect to
3 the exercise of any of its powers, and do all things necessary or
4 convenient to carry out its corporate purposes and exercise the powers
5 granted in this chapter;

6 (12) to purchase or insure loans to finance the costs of
7 manufacturing, industrial, and business enterprise projects;

8 (13) to enter into loan agreements with respect to one or
9 more projects upon the terms and conditions the authority considers
10 advisable;

11 (14) to acquire, manage, and operate projects as the author-
12 ity considers [A PROJECT WHEN IT BECOMES] necessary or appropriate
13 [DESIRABLE] to serve a public purpose [DO SO TO SAFEGUARD THE AUTHORI-
14 TY FROM LOSSES];

15 (15) to assist private lenders to make loans to finance the
16 costs of projects through loan commitments, short-term financing, or
17 otherwise;

18 (16) to accept gifts, grants, or loans from a federal
19 agency, from an agency or instrumentality of the state or of a munici-
20 pality, or from any other source;

21 (17) to enter into contracts or other transactions with a
22 federal agency, with an agency or instrumentality of the state or of a
23 municipality, or with a private organization or other entity consis-
24 tent with the exercise of any power under this chapter;

25 (18) to facilitate the expansion of a secondary market for
26 the resale of federally or commercially insured loans made to finance
27 the costs of projects in Alaska held by federal and state chartered
28 financial institutions or by the Alaska Commercial Fishing and Agri-
29 culture Bank;

1 (19) to charge fees or other forms of remuneration for the
2 use or possession of the projects described in (14) of this section in
3 accordance with the agreements described in (11) and (17) of this
4 section, other agreements pertaining to the projects, covenants, or
5 representations made in bond documents pertaining to the projects, or
6 regulations of the authority pertaining to the projects.

7 * Sec. 6. AS 44.88.105 is amended by adding a new subsection to read:

8 (h) Notwithstanding any other provision of this section, the
9 authority may waive or modify the requirements of (a) of this section
10 establishing maximum costs of \$10,000,000 for a project and the re-
11 quirements of (f) of this section as it considers appropriate and
12 prudent in order to finance a project if the authority intends to own
13 the project. However, if the authority intends to lease or otherwise
14 permit the state to use or occupy a majority of the project, the
15 authority may only establish a reserve fund under (g) of this section
16 to secure bonds issued to finance a project.

17 * Sec. 7. AS 44.88.155 is amended by adding a new subsection to read:

18 (g) Notwithstanding any other provision of this section, the
19 authority may waive or modify the requirements of this section as it
20 considers appropriate and prudent in order to finance a project if the
21 authority intends to own the project.

22 * Sec. 8. AS 44.88 is amended by adding new sections to read:

23 Sec. 44.88.172. ECONOMIC DEVELOPMENT FUND. (a) The economic
24 development fund is established in the authority. The fund consists
25 of money or assets appropriated, loaned, or transferred to the author-
26 ity, and other money or assets deposited in the fund by the authority.
27 The fund may only be used to finance, acquire, manage, and operate
28 projects that the authority intends to own and operate. The term
29 "operate" includes operation directly by the authority, or by an agent

1 of the authority.

2 (b) If a project is financed or developed through use of the
3 assets of the economic development fund, the authority may not pledge
4 or use other assets of the authority to assist in the financing,
5 development, or operation of the project. However, whether or not the
6 authority uses the economic development fund, it may issue bonds to
7 finance a project and may secure the bonds with a mortgage, pledge, or
8 assignment of the project or of revenues, money, or agreements attrib-
9 utable to the project or the bonds.

10 Sec. 44.88.173. FINANCE PLAN. (a) Before approving a project
11 financed under AS 44.88.172, the authority shall prepare a finance
12 plan. The finance plan must include an estimate of the total cost of
13 the project, and a description of the sources of money that will be
14 used to finance the total cost of the project. The finance plan must
15 also include an estimate of the operational costs of the completed
16 project, as well as a description of the source of the money that is
17 to be used to pay the operational costs.

18 (b) The authority shall give preference to a project that does
19 not require financial assistance from the state. If the authority
20 determines that a project requires state financial assistance, and if
21 the authority further determines that it is desirable to finance the
22 project, the authority shall recommend a method of financing that
23 minimizes cost to the state. A finance plan required under (a) of
24 this section must identify the method of financing that minimizes the
25 cost to the state.

26 (c) The authority shall submit a finance plan prepared under
27 this section to the state bond committee, the governor, and the legis-
28 lature before issuing bonds or otherwise incurring debt for the proj-
29 ect. If a project requires financial assistance from the state, the

1 state financial assistance must be available before bonds are issued
2 for the project.

3 Sec. 44.88.174. REGIONAL RESOURCE ADVISORY COUNCIL. (a) Within
4 30 days after the authority adopts a resolution certifying that a
5 project in the unorganized borough is eligible for financing under
6 AS 44.88.172, the governor shall appoint a Regional Resource Advisory
7 Council in the area of the state where the project is to be located
8 and for which a regional housing authority has been established under
9 AS 18.55.996. The purpose of a council is to assist the authority in
10 reviewing a project that has been proposed for development in its area
11 of the state.

12 (b) A Regional Resource Advisory Council consists of five
13 members registered to vote in the region. The governor shall appoint
14 the members to reflect the economic and geographic diversity of the
15 region. Council members serve three-year terms at the pleasure of the
16 governor, except that the initial members may be appointed for less
17 than three years so that the term of at least one of the members
18 expires each year. The governor shall appoint a chairperson who shall
19 call meetings as required and preside over the deliberations of the
20 council. A majority of the council constitutes a quorum for conduct-
21 ing the business of the council.

22 (c) Members of a Regional Resource Advisory Council do not
23 receive compensation for their services on the council, but are en-
24 titled to per diem and travel expenses authorized by law for state
25 boards and commissions under AS 39.20.180.

26 Sec. 44.88.175. REQUIREMENTS PRIOR TO APPROVAL OF PROJECTS. (a)
27 Before entering into an agreement to finance or to develop a proposed
28 project with a cost in excess of \$10,000,000 that is financed under
29 AS 44.88.172, the authority shall obtain the approval of each Regional

1 Resource Advisory Council or municipality in the area in which the
2 proposed project is to be located. Approval under this subsection
3 must be evidenced by a certified copy of a resolution of the council
4 or of the governing body of the municipality.

5 (b) Before approving a project financed under AS 44.88.172 for
6 which bonds must be issued, the authority shall

7 (1) obtain approval under (a) of this section;

8 (2) find, on the basis of all information reasonably avail-
9 able to it, that

10 (A) the project and its development under this chapter
11 will be economically advantageous to the state and to the general
12 public welfare and will contribute to the economic growth of the
13 state;

14 (B) the project applicant is financially responsible;

15 (C) the project is economically and financially feasi-
16 ble and able to produce revenue adequate to repay the bonds or
17 loans with which it is financed;

18 (D) increased demand on public facilities that might
19 result from the project will be provided for;

20 (E) the project will provide or retain employment
21 reasonably related to the amount of the financing by the authori-
22 ty, considering the amount of investment per employee for compa-
23 rable facilities, and other relevant factors;

24 (F) the scope of the project is sufficient to provide
25 a reasonable expectation of a benefit to the economy of the
26 state;

27 (G) the project is in compliance with applicable law;

28 and

29 (H) issuance of the bonds is not expected to adversely

1 affect the ability of the state or any political subdivision of
2 the state to market other bonds.

3 Sec. 44.88.176. HEARING TO CONSIDER PROPOSED PROJECT. Before
4 considering a resolution regarding the approval or rejection of the
5 development or financing of a proposed project with a cost in excess
6 of \$10,000,000, that is financed under AS 44.88.172, a Regional Re-
7 source Advisory Council shall conduct a public hearing within the
8 region. If a proposed project is located within a municipality, the
9 governing body of a municipality shall conduct a hearing on the pro-
10 posed project.

11 Sec. 44.88.177. OPERATION OF PROJECTS. If a project is financed
12 under AS 44.88.172, the authority shall solicit the review and advice
13 of the Regional Resource Advisory Council or governing body in the
14 area in which a project is located before the execution of contracts,
15 agreements, resolutions, or other matters that directly concern the
16 development, maintenance, and operation of a project.

17 * Sec. 9. AS 44.88.220(5) is amended to read:

18 (5) "project" means

19 (A) a plant or facility used or intended for use

20 (i) in connection with making, processing, pre-
21 paring, or producing in any manner, goods, products or
22 substances of any kind or nature or in connection with
23 developing or utilizing a natural resource, or extracting,
24 smelting, transporting, converting, assembling or producing
25 in any manner, minerals, raw materials, chemicals, com-
26 pounds, alloys, fibers, commodities and materials, products
27 or substances of any kind or nature;

28 (ii) [, ANY PLANT OR FACILITY USED OR INTENDED
29 FOR USE] as an industrial park; [OR] in connection with [AIR

1 AND WATER] transportation; [, OR ANY PLANT OR FACILITY] for
2 the prevention, limitation or control of [AIR OR WATER]
3 pollution; [,] for the disposal of sewage or solid waste;
4 [,] for the local furnishing of gas; [, OR] for the furnish-
5 ing of water; as or in connection with mass commuting vehi-
6 cles; for local district heating or cooling; as a parking
7 facility; or as a storage or training facility directly
8 related to a plant or facility described in this paragraph;

9 (B) a plant or facility used or intended for use in
10 connection with a business enterprise;

11 (C) commercial activity by a small enterprise;

12 * Sec. 10. In addition to any other authorization to issue bonds or
13 notes, the authority may issue bonds in a principal amount not to exceed
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-
15 ects under AS 44.88.172, enacted by sec. 6 of this Act.

16 * Sec. 11. It is the intent of the legislature to minimize the cost of
17 state financial assistance for projects funded under AS 44.88.172, enacted
18 by sec. 6 of this Act. To the extent possible, financial assistance shall
19 be extended in the form of loans.

20 * Sec. 12. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

4/30/84

Date _____

Mr. President

Waived

The Committee on TRANSPORTATION considered CSHB 661(Trsp)

authorizing the construction of the Knik Arm Crossing and relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority. and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

Offered: 4/12/84
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE BILL NO. 661 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - SECOND SESSION
5 A BILL

6 For an Act entitled: "An Act authorizing the construction of the Knik Arm
7 Crossing and relating to the acquisition, construc-
8 tion, equipping, and maintenance of toll facilities
9 funded by revenue bonds and providing toll collection
10 authority."

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

12 * Section 1. AS 37.15 is amended by adding new sections to read:

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

14 Sec. 37.15.610. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that may become available, the issuance and sale of reve-
17 nue bonds of the state in the total principal sum of not to exceed
18 \$500,000,000 is authorized to acquire, construct, equip, and install
19 the additions, improvements, extensions, and facilities authorized in
20 AS 37.15.720 and 37.15.730. The principal of and interest on these
21 bonds are paid out of and secured by the gross revenues derived by the
22 state from the ownership, use, and operation of the toll facilities,
23 and out of any other revenue or money that the state legislature may
24 provide exclusive of any state tax or license.

25 Sec. 37.15.620. CONSTRUCTION FUND. (a) The toll facilities
26 construction fund is established for deposit of proceeds of the sale
27 of the bonds authorized by AS 37.15.610 and any grant or other money
28 that is legally provided for the same purposes for which the bonds are
29 authorized except for any accrued interest paid on the bonds by the

1 purchaser. The money in the construction fund is used to pay the cost
2 of acquiring, constructing, and equipping facilities authorized in
3 AS 37.15.720 and 37.15.730 and costs incidental to those activities,
4 including costs of the authorization, issuance, and sale of the bonds.
5 To the extent allowed in the bond resolution, money in the construc-
6 tion fund may also be used for the payment of interest on the bonds
7 during the time of actual construction, and for any additional time,
8 not exceeding one year after construction is completed. Money in the
9 construction fund may also be transferred to the bond redemption fund,
10 as permitted by the bond resolution, to establish a reserve for the
11 payment of the principal and interest on the bonds.

12 (b) The bond resolution may provide for the investment of money
13 in the construction fund as the committee determines. The interest
14 earned upon or any profit derived from the sale of the investment is
15 deposited in the construction fund.

16 Sec. 37.15.630. REVENUE FUND. (a) The toll facilities revenue
17 fund is established and shall be set apart from all other money of the
18 state. The toll facilities revenue fund is a trust fund for the pur-
19 poses under AS 37.15.610 - 37.15.760, where all revenue, fees, tolls,
20 charges, and rentals are deposited that are derived by the state from
21 the ownership, lease, use, and operation of the facilities authorized
22 by AS 37.15.720 and 37.15.730. The revenue, fees, tolls, charges, and
23 rentals may not include the proceeds of any state tax or license. The
24 money in the revenue fund may only be used to

25 (1) pay or secure the payment of the principal of and inter-
26 est on the toll facilities bonds and principal of and interest on any
27 other revenue bonds issued by authorization of the legislature to
28 provide money to acquire, construct, and equip facilities authorized
29 by AS 37.15.720 and 37.15.730 and to be payable out of the revenue

1 fund;

2 (2) pay the normal and necessary costs of maintaining and
3 operating the facilities acquired, constructed, or equipped under
4 AS 37.15.610 - 37.15.760;

5 (3) pay the costs of renewals, replacements, and extra-
6 ordinary repairs to facilities acquired, constructed, or equipped
7 under AS 37.15.610 - 37.15.760;

8 (4) redeem before their fixed maturities any and all revenue
9 bonds issued for the purpose of acquiring, constructing, and equipping
10 facilities authorized by AS 37.15.720 and 37.15.730;

11 (5) provide money to acquire, construct, and equip necessary
12 additions and improvements to facilities authorized by AS 37.15.720
13 and 37.15.730; and

14 (6) provide money to pay any and all other costs relating to
15 the ownership, use, and operation of the facilities.

16 (b) The investment of money in the revenue fund may be made as
17 the committee determines. The interest earned upon or any profits
18 derived from the sale of an investment under this subsection shall be
19 deposited in the revenue fund.

20 Sec. 37.15.640. BOND REDEMPTION FUND. The toll facilities
21 revenue bond redemption fund is established for deposit in trust of
22 money for paying and securing the payment of principal of and interest
23 and redemption premium, if any, on bonds and is set apart from all
24 other money of the state. The committee, on behalf of the state,
25 shall obligate the state to set aside and pay into the bond redemption
26 fund from the revenue fund an amount of money sufficient to pay the
27 principal of and interest and redemption premium, if any, on the bonds
28 as the payments become due and, if the committee considers it neces-
29 sary, to set aside and maintain a reserve for this purpose. The bond

1 redemption fund is drawn upon for the purpose of paying the principal
2 of and interest and redemption premium, if any, on the bonds, and the
3 bonds do not constitute a general obligation of the state.

4 Sec. 37.15.650. BOND TERMS. (a) The toll facilities bonds are
5 sold in the amounts or series and at the time as determined by the
6 committee. Before selling a series of bonds, the committee shall give
7 notice inviting sealed bids. If satisfactory bids are received, the
8 bonds offered for sale are awarded to the highest responsible bidder.
9 If the committee determines that a bid received is not satisfactory as
10 to price or responsibility of the bidder, the committee may reject the
11 bid received. Bonds, or a series of bonds, may not be sold if the
12 effective interest rate over the life of the bonds exceeds 11 percent
13 per year or that rate of interest that is 125 percent of the rate of
14 the Bond Buyer Index of 20 Municipal Bond Average Yields for the week
15 previous to the date of sale of the bonds, whichever is higher.
16 Interest is payable annually or semiannually.

17 (b) The bonds mature at the time fixed by the committee. The
18 bonds may be subject to redemption before their fixed maturities as
19 determined by the committee and with the premium fixed by the commit-
20 tee, but a bond may not be subject to redemption before its fixed
21 maturity date unless the right to redeem that bond is expressly men-
22 tioned on the face of the bond. The bonds

23 (1) may be in denominations determined by the committee;

24 (2) may be issued in coupon form or in fully registered
25 form, and may be registrable as to principal or both principal and
26 interest, all under regulations and conditions the committee provides;

27 (3) are payable as to principal and interest at the place
28 determined by the committee;

29 (4) shall be signed on behalf of the state by the governor

1 and shall be attested to by the lieutenant governor, both of which
2 signatures may be facsimile signatures, and each of the interest
3 coupons attached to them shall be signed by the facsimile signatures
4 of these officials;

5 (5) shall have the seal of the state impressed, printed, or
6 lithographed on them; and

7 (6) shall be issued under and subject to the terms, condi-
8 tions, and covenants, providing for the payment of the principal of
9 and interest on the bonds and the other terms, conditions, covenants,
10 and protective features safeguarding this payment and relating to the
11 maintenance, operation, and improvement of the toll facilities as
12 found necessary by the committee, which covenants may include a pro-
13 vision requiring the setting aside and maintenance of certain reserves
14 to secure the payment of the principal and interest.

15 (c) If found reasonably necessary, the committee may select a
16 trustee or trustees for the holders of the bonds or any series of the
17 bonds, for the safeguarding and disbursement of any of the money in
18 any of the funds created by AS 37.15.620, 37.15.630, and 37.15.640, or
19 for the duties for authentication, delivery, and registration of the
20 bonds as the committee may determine. The committee shall also fix
21 the rights, duties, powers, and obligations of the trustee or trust-
22 ees.

23 (d) In the committee's determination of all of the matters and
24 questions relating to the issuance and sale of the bonds and the
25 fixing of the maturities, terms, conditions, and covenants of the
26 bonds as provided in (a) (c) of this section, the decisions of the
27 committee shall be those found to be reasonably necessary for the best
28 interests of the state and its inhabitants, and those that will accom-
29 plish the most advantageous sale of the bonds, with due regard,

1 however, (1) to necessary or normal costs of maintenance and opera-
2 tion; (2) to renewals and replacements of and repairs to the toll
3 facilities; (3) to all improvements to toll facilities and property of
4 toll facilities owned, used, operated, or leased in connection with
5 toll facilities; and (4) to the future growth and expansion of all of
6 the facilities and the possibility of additional revenue bond financ-
7 ing for toll facilities purposes. A decision of the committee, as
8 expressed in any bond resolution, is final when any bonds have been
9 issued under the bond resolution.

10 (e) A bond resolution may provide that the bonds issued contain
11 a recital that they are issued under AS 37.15.610 - 37.15.760, and any
12 bonds containing this recital are conclusively considered to be valid
13 and to have been issued in conformity with AS 37.15.610 - 37.15.760.

14 (f) The validity of the authorization and issuance of bonds is
15 not affected by any proceeding for the acquisition or construction of
16 the additions, improvements, or facilities for which the bonds have
17 been issued or by any contract in connection with the acquisition or
18 construction.

19 Sec. 37.15.660. BOND RESOLUTION. The committee is authorized
20 and directed to adopt the bond resolution and prepare all other docu-
21 ments and proceedings necessary for the issuance, sale, and delivery
22 of the bonds or any part or series of them. The bond resolution shall
23 fix the principal amount, denomination, date, maturities, place or
24 places of payment, rights of redemption, if any, terms, form, condi-
25 tions, and covenants of the bonds or each series of them. The commit-
26 tee shall also determine and provide for the date and manner of sale
27 of the bonds, and shall provide whether the notice of sale is to be
28 published elsewhere in addition to the publication required by AS 37.-
29 15.650.

1 Sec. 37.15.670. ENFORCEMENT BY HOLDER. The holder of any bonds
2 or the trustee for the holders of the bonds or any series of them,
3 may, by appropriate proceedings in the courts of record of the state,
4 compel the transfer, setting aside, and payment of money and the
5 enforcement of all of the terms, conditions, and covenants as required
6 and provided in AS 37.15.610 - 37.15.760 and in the bond resolution.

7 Sec. 37.15.680. AMOUNTS REQUIRED FOR PAYMENTS. The committee
8 shall, before December 31 of each year, commencing with the year in
9 which the bonds are issued, certify to the commissioner of revenue and
10 the commissioner of transportation and public facilities the amounts
11 required in the next ensuing calendar year by a bond resolution to be
12 paid out of the revenue fund into the bond redemption fund and to be
13 paid into and maintained in any reserve fund or account or any other
14 fund or account created by a bond resolution. The committee shall
15 also certify to the commissioners the last date upon which payments
16 may be made.

17 Sec. 37.15.690. BOND NEGOTIABILITY. The bonds and the coupons
18 attached to them are fully negotiable instruments under the laws of
19 the state.

20 Sec. 37.15.700. REFUNDING. (a) The bonds or any part of them
21 may be refunded at or before their maturity by the issuance of refund-
22 ing revenue bonds of the state if in the opinion of the committee
23 refunding is advantageous to and in the best interest of the state and
24 its inhabitants.

25 (b) The issuance of refunding bonds need not be authorized by an
26 act of the legislature, and the committee shall adopt the resolution
27 and prepare all other documents and proceedings necessary for the
28 issuance, exchange or sale, and delivery of the bonds. All provisions
29 of AS 37.15.610 - 37.15.760 applicable to revenue bonds are applicable

1 to the refunding bonds and to the issuance, sale, or exchange of the
2 bonds, except as otherwise provided in this section.

3 (c) Refunding bonds may be issued in a principal amount suffi-
4 cient to provide money for the payment of all bonds to be refunded by
5 them, and, in addition, for the payment of all expenses incident to
6 the calling, retiring, or paying of the outstanding bonds, and the
7 issuance of the refunding bonds. These expenses include the differ-
8 ence in amount between the par value of the refunding bonds and any
9 amount less than par for which the refunding bonds are sold, any
10 amount necessary to be made available for the payment of interest on
11 the refunding bonds from the date of sale of them to the date of
12 payment of the bonds to be refunded or to the date upon which the
13 bonds to be refunded will be paid under the call of the bonds or
14 agreement with the holders of them, and the premium, if any, necessary
15 to be paid in order to call or retire the outstanding bonds and the
16 interest accruing on the outstanding bonds to the date of the call or
17 retirement.

18 Sec. 37.15.710. BONDS AS LEGAL INVESTMENTS. Toll facilities
19 bonds are legal investments for all banks, trust companies, savings
20 banks, savings and loan associations, and other persons carrying on a
21 banking business, all insurance companies and other persons carrying
22 on an insurance business, and all executors, administrators, trustees,
23 and other fiduciaries. The bonds may be accepted as security for
24 deposits of all money of the state and its political subdivisions.

25 Sec. 37.15.720. STATE TOLL FACILITIES. The state is authorized
26 to acquire, construct, equip, and maintain toll bridges, highways,
27 roads, crossings, and causeways found to be necessary by the commis-
28 sioner of transportation and public facilities.

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be con-
2 structed is the Knik Arm Crossing near Anchorage.

3 Sec. 37.15.740. TOLL FACILITY CHARGES. The commissioner of
4 transportation and public facilities shall fix and collect the fees,
5 charges, tolls, and rentals derived by the state from the ownership,
6 lease, use, and operation of the facilities authorized by AS 37.15.720
7 and 37.15.730 and improvements of the facilities as will provide
8 revenues sufficient to comply with all of the covenants of the bond
9 resolution.

10 Sec. 37.15.750. STATUTORY CONSTRUCTION. AS 37.15.610 - 37.15.-
11 760 shall be liberally construed in order to carry out the purposes
12 for which the provisions were enacted, and all existing laws in con-
13 flict with AS 37.15.610 - 37.15.760 are superseded as necessary to
14 accomplish the purposes of AS 37.15.610 - 37.15.760.

15 Sec. 37.15.760. DEFINITIONS. In AS 37.15.610 - 37.15.760,
16 unless the context requires otherwise

17 (1) "bond redemption fund" means the toll facilities reve-
18 nue bond redemption fund created by AS 37.15.640, including any ac-
19 counts that are created in that fund after the effective date of this
20 Act;

21 (2) "bond resolution" means the resolution authorizing the
22 issuance of bonds, adopted by the committee under AS 37.15.660;

23 (3) "bonds" means the toll facilities revenue bonds autho-
24 rized by AS 37.15.610 - 37.15.760;

25 (4) "committee" means the state bond committee created by
26 AS 37.15.110, or any other committee, body, department, or officer of
27 the state that or who succeeds to the rights, powers, duties, and
28 obligations of the state bond committee by act of the legislature;

29 (5) "construction fund" means the toll facilities

1 construction fund created by AS 37.15.620;

2 (6) "revenue fund" means the toll facilities revenue fund
3 created by AS 37.15.630;

4 (7) "toll facilities" means highways, roads, bridges,
5 crossings, and causeways upon which tolls, charges, rentals, or other
6 user fees are placed by the commissioner of transportation and public
7 facilities.

8 * Sec. 2. AS 19.05.040 is amended to read:

9 Sec. 19.05.040. POWERS OF DEPARTMENT. The department may

10 (1) acquire property;

11 (2) exercise the power of eminent domain;

12 (3) take immediate possession of real property, or any
13 interest in it under a declaration of taking or by other lawful means;

14 (4) acquire rights-of-way for present or future use;

15 (5) control access to highways;

16 (6) regulate roadside development;

17 (7) preserve and maintain the scenic beauty along state
18 highways;

19 (8) dispose of property acquired for highway purposes;

20 (9) accept and dispose of federal funds or property avail-
21 able for highway construction, maintenance, or equipment;

22 (10) enter into contracts or agreements relating to highways
23 with the federal government, municipalities, a political subdivision,
24 or with a foreign government, if the contract is approved by the
25 federal government; [AND]

26 (11) establish, levy, and collect tolls, fees, charges, and
27 rentals for the use of state roads, highways, bridges, crossings, and
28 causeways; and

29 (12) exercise any other power necessary to carry out the

1 purpose of AS 19.05 - 19.25.



KNIK ARM CROSSING

Presentation

to the

Governor

and the

Legislature

March 1984

LEGISLATIVE ASSIGNMENT

Highway Crossing of Knik Arm with Connections to Parks & Glenn
Highways

- Design Criteria
- Environmental Assessment
- Right-of Way Studies
- Location Selection
- Preliminary Design & Cost Estimates

BUDGET

- | | |
|--------------------------|---------------|
| ◦ 1981 Appropriation | \$5.5 million |
| ◦ Consultant Contract | \$4.5 million |
| ◦ Balance (January 1984) | \$3.0 million |
| ◦ FY 85 Request | \$5.4 million |

PROJECT RESOURCES (DOT/PF)

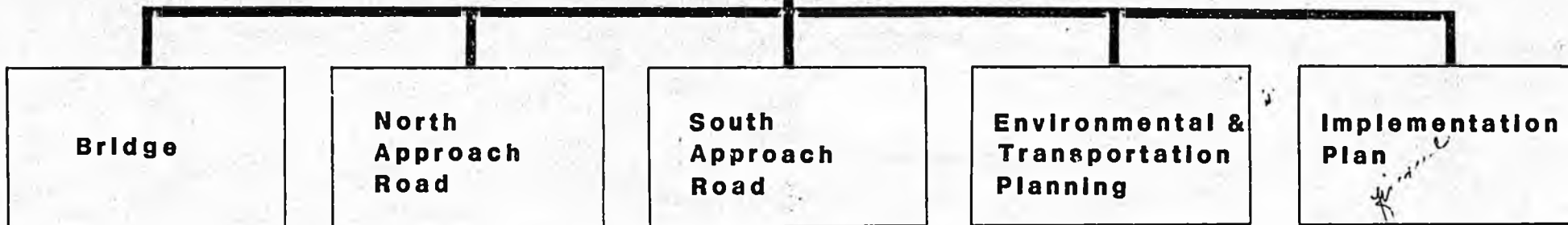
- Total Department Resources
 - Contract Administration & Accounting
 - Planning
 - Environmental Coordination
 - Surveys
 - Right-of Way
 - Utilities
 - Materials & Geology
 - Legislative Liaison
- Director
 - Major Projects Management Division
- Project Manager
 - Leads Department & Consulting Team

Consultant Resources

**DOT/PF
Project Manager**

Consultant
◦ **Project Manager**
◦ **Deputy Project Manager**

**Executive
Committee**



Sverdrup & Parcel

EMPS

**Tryck, Nyman
& Hayes**

**DeLeuw, Cather
& Company**

**William B. Kent
& Company**

Geotechnical

Harding Lawson

Biological

Dames & Moore

AGENCIES

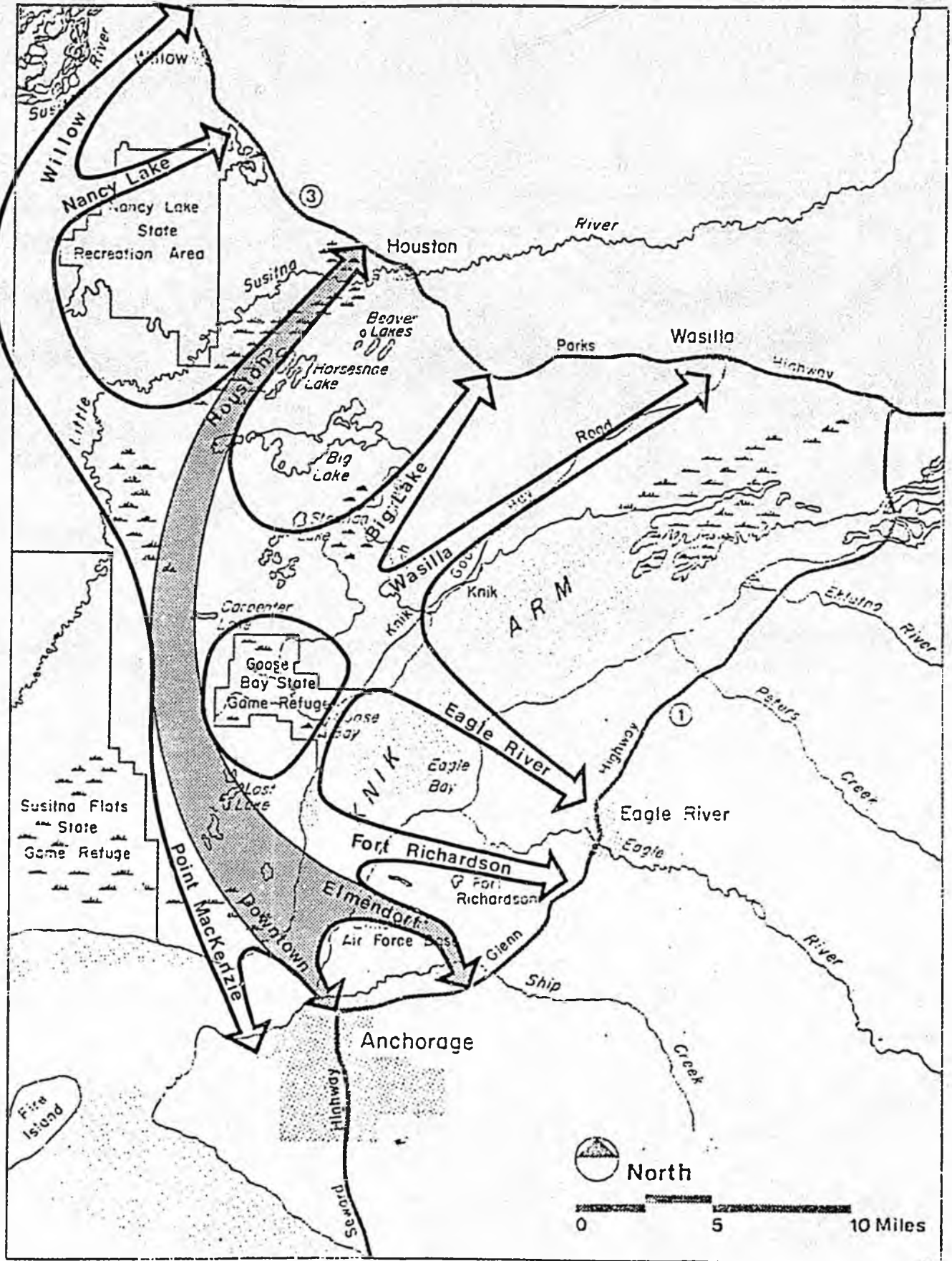
- Steering Committee
 - ADOT/PF
 - Municipality of Anchorage
 - Matanuska-Susitna Borough
 - Military (Air Force, Army, Navy)
 - Alaska Railroad
- Federal Agencies
 - ARR FHWA EPA
 - BLM DOA USAF
 - COE DOC USCG
 - FAA DOI USF&W
- State Agencies
 - Dept. of Comm. & Reg. Affairs
 - Dept. of Envir. Conservation
 - Dept. of Fish & Game
 - Dept. of Natural Resources
 - OMB - Div. of Strategic Planning
 - UAA - Inst. of Soc. & Eco. Research

WORK COMPLETED

- Scoping *Public Participation*
Environmental
- Economic Feasibility Report
- Corridor Alternatives Analysis - *Final*
- Alignments Definition-

WORK UNDERWAY

- Conceptual Design
- Environmental Impact Statement *late May*
- Geotechnical Investigations *this summer*
- Implementation Plan *need resources for execution*
- Right-of-Way Evaluation
- Bid Documents - Crossing *of the ...*



Willow River
Nancy Lake
Nancy Lake State Recreation Area

③

Houston

Susitna
Beaver Lakes
Horseshoe Lake
Big Lake

River

Wasilla

Highway

Wasilla

ARM

Carpenter

Goose Bay State Game Refuge

Eagle River

Highway

①

Susitna Flats State Game Refuge

Los Flats

Fort Richardson

Eagle River

Fort Richardson

Point MacKenzie

Elmendorf

Air Force Base

Ship

Anchorage

Fire Island

Highway



North

0 5 10 Miles

CROSSING ALTERNATIVES

Downtown Project

- Seward Connector
- Downtown Crossing
- Houston Connector
Segment 1
Segment 2

Elmendorf Project

- Glenn Connector
- Elmendorf Crossing
- Houston Connector
Segment 1
Segment 2

NO-CROSSING ALTERNATIVES *EIS Repair is no. 1 alt.*

- No Action Option
Other Transportation Plans of DOT, AMATS, & Mat-Su
- Transit Option
2 Hovercraft
- Low Capital Option
Additional Glenn & Parks Highway
Improvements

ALASKA RAILROAD

- Possible for either Downtown or Elmendorf
- Costs to Accomodate Future Rail on Highway Bridge
\$50 million to \$100 million *Budget strong in up to carry RR
45-20 yrs. from now*
- Railroad Related Activities in Progress
Conceptual Design & Cost Estimates
Environmental Assessment
Right-of-Way Studies
- Railroad Financing
- Separate Bridge - *Concept design for consideration*
- Decision Timing
- Finance/Design/Build RR Crossing
Separate Project of Alaska Railroad

ESTIMATED COSTS
Millions of 1983 Dollars

DOES NOT
INCLUDE MILITARY
RELOCATION
COSTS.

	Downtown Project				Period	Elmendorf Project			
	Design	ROW	Constr.	Total		Design	ROW	Constr.	Total
Anchorage Connector	12.0	2.0	80.0	94.0	2000-2001	2.1	1.0	14.3	17.3
<i>Bridges</i> Highway Crossing	18.4	1.0	530.3	549.7	1986-1990	15.0	0.3	358.5	373.8
Mat-Su Connector <i>Viaduct</i>									
* Segment 1	1.3	0.0	24.5	25.8	1989-	1.3	0.0	24.5	25.8
* Segment 2	1.6	2.3	23.0	27.0	1990	1.6	2.3	23.0	27.0
Total	33.3	5.3	657.8	696.5	1986-2001	20.0	3.6	420.3	443.9

Note: Does not include cost of strengthening bridge for Alaska Railroad (\$50 to \$100 million).

FINANCING ALTERNATIVES

- Connectors
 - 90% Federal
 - 10% State

- Crossing
 - Toll Revenue Bonds
 - Private Venture
 - Land Sales
 - Local Improvement District
 - State Appropriation
 - Combination

Comments on the applicability of CSHB 661 to financing the Knik Arm Crossing.

1. DOT&PF Position and Perspectives on CSHB 661
2. Summary of Briefing Materials
3. Correspondence from private firms that have expressed interest in financing the Knik Arm Crossing (These letters were requested by the House Transportation Committee on March 28, 1984).

Presented to House Transportation Committee
April 5, 1984
John B. Olson
Telephone 266-1447

DOT&PF Position and Perspectives on CSHB 661

BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

1. Provide DOT&PF the authority to sell revenue bonds to finance toll bridges and highways; and
2. Authorize DOT&PF to collect tolls on bridges and highways to make principal and interest payments on the revenue bonds.

The bill was introduced to provide a financing mechanism for the Knik Arm Crossing. A framework approach was taken on advice of the Attorney General's office, recognizing the State Constitution's requirements to avoid legislation specific to a location or region. We also wanted to preserve the option to recommend the mechanism for future revenue producing highway or bridge projects.

The bill is modeled after the revenue bond provisions of the Airport Revenue Fund. The model was used because it is known to the legislature, and has a good track record to present to bond underwriters and rating organizations.

DEPARTMENT POSITION ON CSHB 661

The DOT&PF continues to recommend a framework concept for bills like HB 661. However, we recognize the committee substitute to be a reasonable bill that addresses concerns expressed by legislators. We, therefore, support the committee substitute and recommend its passage.

APPLICATION TO KNIK ARM CROSSING

The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation plan will lead to the legislative direction needed to construct the crossing. No sales of revenue bonds or other related action will be taken before the next legislative session. DOT&PF staff will be working with legislators to exchange information prior to finalizing our recommendations and presenting the implementation package to the legislature.

APPLICATION TO OTHER PROJECTS

If the Knik Arm Crossing uses the revenue bond sales concept outlined in CSHB 661, the mechanism will be available for other projects. (The bill requires application to the Knik Arm Crossing before any other project.) It should be recognized that bridge and highway projects that can generate revenues in excess of their operations and maintenance costs are quite unique in Alaska. To the extent such projects are identified in the future (we have none to suggest at this time) the legislature would play an active role in their development and financing.

Presented to the House Transportation Committee, April 5, 1984

KNIK ARM CROSSING - FINANCING

1. Financing Choices

- Pay Cash
- Borrow
- Save
- Get Equity Partner
- Combination of Above

2. Pay Cash

- Appropriation
 - Lump Sum
 - By Component
- Federal Funds
 - Highway Matching Funds
 - Connecting Roads Only
- Raise Cash
 - Land Sales/Exchanges

3. Borrow

- General Obligation Bond
 - Full Faith and Credit Pledge
 - Lowest Cost Borrowing
- Revenue Bonds (CSHB 661)
 - DOT&PF to Collect Tolls
 - Tolls Pledged to Retire Debt
- Private Lending Sources
 - Available Through Equity Partnerships

4. Save

- Allows Cash Payments
- Major Projects Fund (Or Other "Savings Account" Approach)
 - Toll Revenues Returned to Fund
 - O&M From Account in Major Projects Fund or General Fund
- General Fund (G.F.)
 - Annual Appropriation to G.F. Account
 - Build By Components
 - Toll Revenues Flow to G.F.

5. Equity Partnership

- Local Government (Unlikely Equity Partner for Knik Arm Crossing)
- Private Enterprise (Several Expressions of Interest Received)
 - Service Contract, Lease
 - Full Faith and Credit Pledge (Often Requested to Minimize Risk/Borrowing Cost; Requires Statewide Vote)
- Constitutional Constraints
 - State Debt
 - Annual Appropriation
 - Direction of Funds
 - Contract Negotiation
- Source of Funds
 - Tax-Exempt Borrowing
 - Non-Exempt Borrowing (Expensive)
- Federal Legislation
 - Industrial Revenue Bond Limit (Per Capita Basis)
 - Accelerated Depreciation in Question

6. CSHB 661

- Model: Airport Revenue Fund
- Desired This Year
 - Known Entity of Implementation Plan
 - Likely to be Used
- The CS is a Reasonable Bill
 - Responds to Concerns for Framework Concept
 - Timely for the Knik Arm Crossing Project

Correspondence From Firms Interested In Financing Or Constructing The
Knik Arm Crossing.

WILLIAM KENT AND COMPANY

900 WEST FIFTH AVENUE, SUITE 610

ANCHORAGE, ALASKA 99501

(907) 276-0660

March 16, 1984

Mr. Jack Allen, P.E.
Project Manager, Knik Arm Crossing
Sverdrup & Parcel and Associates, Inc.
430 C Street, Suite 200
Anchorage, AK 99511

Dear Mr. Allen:

On March 14, John Olson and I met with Mr. Gopinath, Vice President of Corporate Affairs, Calista Corporation and Mr. Denji, Vice President of Calista International Corporation.


Calista has been dealing with Mitsui Shipbuilding and Engineering regarding the Knik Arm Crossing. Mitsui has done some work on design for the bridge, and has talked to their partners at the Mitsui Bank. Calista offered to meet with us to discuss engineering and financing in more detail, and offered to have Mitsui people come over.

We explained some of the more important constraints in state financing or other state participation, and our timetable for the project, and we offered to meet with them to discuss financing. We did not encourage them to bring any engineers over from Japan, at least not yet. I will arrange a meeting with Calista regarding financing in the next few weeks -- probably during the week of March 26.

Calista seemed interested in getting the following messages to us:

1. Confidentiality of their work is important to them. They believe that they have an advantage in their ability to bring financing into a package deal, and they do not want their concept, or their own engineering, to be public information before the bid.
2. They want the full faith and credit of the state behind the financing.
3. They were interested in seeing the project go forward, whether they were involved in the construction or not.

Sincerely,


Steven A. Rieger
Vice President

SAR/bsb

cc: ADO T/PF

Brown & Root, Inc.

200 Porter Drive, San Ramon, California, 94583

W. D. Arnold
Manager - Business Development
Marine Services

(415) 838-6149



March 19, 1984

John B. Olson
Director, Division of Major Project Management
State of Alaska
Department of Transportation and Public Affairs
Pouch 6900
4111 Aviation Avenue
Anchorage, Alaska 99502

SUBJECT: Knik Arm Crossing

Dear Mr. Olson:

It was a pleasure to have visited with you in your offices in Anchorage on February 21st. The time you spent with us in explaining the situation regarding the Knik Arm Crossing was very much appreciated.

As discussed in our meeting, Brown & Root is very interested in bidding the Engineering/Construction of the Knik Arm Crossing and has had three consortia approach us about possible financing of portions of this project.

During our discussions you indicated that it would be difficult for the Department of Transportation or the State to negotiate an unsolicited bid for the overall package. Therefore, we would like to prequalify for the work in the routine manner that you plan to use later this year. Brown & Root has been involved in several major water crossings in the United States and has the expertise and the equipment available, including derrick barges that might be required for some of the heavy lifts.

Thanks again for the time that you allowed us back in February. We are looking forward to working with you on this project as it develops.

Kind Regards,

Bill

W. D. Arnold
Manager, Business Development
West Coast and Alaska

WDA/1mw

RECEIVED

MAR 27 1984

DOT & PF
Major Projects MGMT.

SAMWHAN CORPORATION
 ARCHITECTS, ENGINEERS & CONTRACTORS
 58-20, WOONI-DONG, CHONGRO-KU, C.P.O. BOX 42, SEOUL, KOREA

HEAD OFFICE:
 TELEX: SAMWHAN K22212
 SAMWHAN K24389
 SAMWHAN K25117
 CABLE: GREENLIGHT SEOUL
 PHONE: 765-0151-9

February 20, 1984

John B. Olson
 Director
 Division of Major Projects Development
 Dept. of Transportation &
 Public Facilities

Dear Sir,

I would like to express my sincere gratitude for your warm hospitality rendered during my visit to your office on February 10, 1984, sharing time from your busy schedule.

You were very kind and helpful in conducting my successful survey on future Alaska construction market prospective for our business activities. Our technical engineering Dept. has just begun reviewing the draft of tender documents regarding Nome Harbour Project furnished to me in anticipation of your invitation.

Meanwhile, I sincerely hope that we would be invited to the tenders for the Knit Arm Bridge Project and other various projects planned for the five years ahead according as you promised that our Corporation would be registered with prospective bidder list applicable for your esteemed State Government's projects.

We assure you of our best service to highest standard if an opportunity be given to us. Wishing the ever-lasting prosperity of your esteemed Department.

Yours Sincerely,

SAMWHAN CORPORATION
 Young Ju Moon
 Director

RECEIVED

FEB 27 1984

DOT & PF
 Major Projects MGMT.

- OVERSEAS BRANCH
- JEDDAH BRANCH
 King Fahd Road, P.O. Box 1934
 Jeddah, Saudi Arabia P.O. Box 1934
 Telex: 44211 SWJHD SJ
 Cable: SAMWHAN JEDDAH
 Phone: 671 001, 6966, 2357, 3191
- RIYADH BRANCH
 Airport Road, P.O. Box 246, 20 Al-Farajid
 St. Riyadh, Saudi Arabia P.O. Box 246
 Telex: 20114 SAMWAN SJ
 Phone: 176-2417/2014
- DAMMAM BRANCH
 King Fahd Road, P.O. Box 102
 Nestor Khalifa, Dammam, Saudi Arabia
 P.O. Box 102
 Telex: 442 04 SAMWAN SJ
 Phone: 81-27310, 81-21486, 81-21100
- AL-SHARQIYAH BRANCH
 Al-Sharqiyah Arab College Main St.
 1st & 2nd Floor, Al-Sarqiyah Bldg., Second St.
 P.O. Box 92629, Amman, Jordan
 Telex: 23200 SWC JO
 Phone: 60331
- HODEIDAH BRANCH
 P.O. Box 3294, Hodeidah
 Yemen Arab Republic
 Telex: 5922 SWCHOD YE
 Phone: 2105650
- SANA'A BRANCH
 P.O. Box 1899 Sana'a, Yemen Arab Republic
 Telex: 2181 SWCSNA YE
 Phone: 71736
- OSAKA BRANCH
 Crown Nishinomiya Bldg. 212, 2-1-1, 3-Chome,
 Nishi-ku, Minato-ku, Tokyo, Japan
 Telex: SAMWHAN 225193
 Cable: SAMWHANLIGHT
 Phone: 479-65367
- JAKARTA BRANCH
 Room 403, Korea Center Bldg., Jalan Gatot
 Subroto No. 58 Jakarta, Indonesia
 P.O. Box 2874/JKT
 Telex: 46193 SAMNUCOIA
 Cable: GREENLIGHT JAKARTA
 Phone: 517439, 510431
- MANILA BRANCH
 2nd Floor, Atlantic Bldg., Herrera Cor.,
 Sakelo St., Legaspi Village, Makati, Metro
 Manila, Philippine
 Telex: 23163 SWC MNL
 Phone: 86-64-06, 86-64-69
- SINGAPORE BRANCH
 Rm. 510, Yeo San Heng, 263 Orchard Rd.
 Singapore 0923
 Telex: SAMWHAN RS 22086
 Cable: SAMWHAN SINGAPORE
 Phone: 7477833, 7476164
- KUALA LUMPUR BRANCH
 Unit 257, 2nd Flr., Wisma Sanyang,
 Jalan Raja, Cheras, Kuala Lumpur,
 05-12, Malaysia
 Telex: SWCNL MA32377
 Phone: 417412
- SAN FRANCISCO BRANCH
 250, Newhall Street, San Francisco, Calif.
 94121 U.S.A.
 Telex: 278187 SWCUSUR,
 171162 SWCSIO
 Phone: 415 619 5020
- LONDON BRANCH
 Suite No. 55, 4th Flr., Mangle Hill Lane
 270-372 Strand London, WC2R 6AR, U.K.
 Telex: 5811584 SAMWHAN
 Phone: 210-25189
- AMSTERDAM BRANCH
 River Street Bldg., Amsterdam 106,
 1079 LH Amsterdam, Netherlands
 Telex: 14764 SWCNL
 Phone: 020 410080



NIPPON KOKAN K.K.

1-1-2, MARUNOUCHI, CHIYODA-KU, TOKYO 100

PHONE: (03) 212-7111

TELEX: 222-2811 NKK J

CABLE ADDRESS: KOKANNK TOKYO

January 27, 1984

Alaska Department of Transportation
and Public Facilities
State of Alaska
4111. Aviation Drive
Anchorage Alaska, 99502

Attn : Mr. J. B. Olson

Gentlemen,

Re : Knik Arm Crossing

We, NIPPON KOKAN K.K. (hereinafter called NKK), have the honour to express out keen interest in participating in the captioned project and to submit herewith our company brochures, experience record and technical documents in which you will find activities and performance of our company.

As you may see from the above documents, NKK is now ranked as the third largest steelmaker in the world and in terms of all around technical expertise, NKK holds an unrivaled position because it is simultaneously a world leader in three major industrial fields - Steelmaking, Heavy Industries and Shipbuilding - allowing it to supply a comprehensive range of products and services to you.

In the field of bridge construction, NKK has considerable experience about supply and erection of steel superstructure of various type of bridge and has enjoyed good reputation in our achievement abroad as well as domestic.

Furthermore NKK has remarkable speciality of steel structures for low temperature service and has executed structural steel works in your esteemed province, such as Kenai Bridge, Sagavaiktok River Croosing,

NIPPON KOKAN K.K.

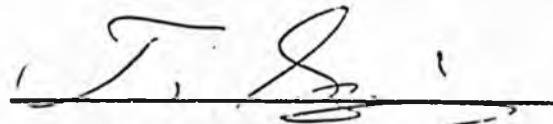
Alyeska Pipe Support Bridge, Gulkana Bridge and Pipe Support structures for Trans-Alaska Pipeline Project, etc.

Judging from the foregoing, we are confident that NKK is capable enough in undertaking and proceeding this bridge construction project meeting with your expectation and requirements of price, engineering service, performance and quality.

We would highly appreciate it if you could invite us to the forthcoming qualification and tender and let us have a chance to work together with you toward successful construction of this bridge.

Thank you for your attention and we are looking forward to serving you in the near future.

Very truly yours,



T. Suganami
Deputy General Manager
Steel Structures &
Construction Dept.

 MITSUBISHI BANK, LIMITED

7-1, MARUNOUCHI 2-CHOME, CHIYODA-KU,
TOKYO 100, JAPAN

August 6, 1983

Mr. Mead Treadwell
Executive Director
Governor's Economic Committee
On North Slope Natural Gas
P.O. Box 1700
Anchorage, Alaska 99510

Dear Mr. Treadwell,

Mr. Norio Yamamoto of Mitsubishi Research Institute kindly forwarded to us your Economic Feasibility Report on the Knik Arm Crossing dated April 15, 1983 for our reference.

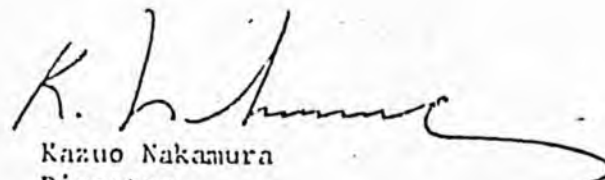
After a brief review, we have found the project interesting and wish to cooperate with you for the promotion of the project.

Accordingly, we appreciate it if you could let us know the area in which we shall be of assistance to you as a member of the Mitsubishi group which is the largest industrial groups in Japan. At the same time, it will be most helpful to us if you could provide us with a detailed financial plan for the project so that we shall be able to better analyze the project from the financial point of view.

It will be a great pleasure for us to exchange ideas with you how to promote the project and we wish to continue a dialogue on the development of the project. Please contact us at any time when you need our assistance.

Looking forward to hearing from you soon, and please give my best regards to Mr. Walter J. Hickel.

Very truly yours,


Kazuo Nakamura
Director

KN/ri

P.S.

For your reference we enclosed herewith a memorandum in regards to the Yen-Financing market.



YUKON PACIFIC CORPORATION

C: (copy) - Jerry Hamel (files)
(Keep original here -
give to me) J.D.

12/15
Copied to J. Allen

November 4, 1983

Mr. John Olsen
Major Projects Management
Department of Transportation and Public Facilities
4111 Aviation Drive
Pouch 6900
Anchorage, Alaska 99502

Dear John,

Enclosed is the letter I received from Mr. Kazuo Nakamura at the Mitsubishi Bank. Governor Hickel and I have had dinner with Mr. Nakamura twice before in Japan and he shares a strong interest in Alaska.

Either his bank, or some other part of the Mitsubitshi Group could be called upon to play a role in the Knik Arm Project. I'd keep chumming the waters by providing information his way so that they can respond when the time comes.

Congratulations on your appointment. We should be working together as time passes.

With best wishes,

Sincerely,

Mead Treadwell
Mead Treadwell
Secretary

/Enclosure

RECEIVED
Project Development

NOV 7 1983

	Copy	Act
Project Dev. Engr.	0	
Recon. Engr.		
Consultant		
Hamel w/attach		
Locations		
Other		
FILE		

RECEIVED

NOV 07 1983

DOT & PF
Major Projects MGMT.

*John Bushnell - his prepare a response for this
Jack Cohen - carefully consider his usual thoughtful
and suggestions.*

action 620



RECEIVED

June 2, 1983

'33

Mr. Richard S. Armstrong, P.E.
Director, Central Region
Design and Construction
State of Alaska
Dept. of Transportation and Public Facilities
4111 Aviation Avenue, Pouch 6900
Anchorage, Alaska 99502

Re: Knik Arm Crossing

Dear Mr. Armstrong:

Thank you for your letter of May 18 and the Economic Feasibility Report on the Knik Arm Crossing. We are strongly interested in financing, design, construction and operation of the toll bridge.

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 2 1983	
FBI - ANCHORAGE	
<i>Done Huggins</i>	
<i>Tom Singer</i>	
<i>John Collins</i>	

Based on our experience in similar projects in Greece and Kuwait, we imagine that a possible scenario may look as follows:

1. Project will be formulated by the State. Bridge design criteria will be set; evaluation criteria for prequalification and final contract award will be laid out; and the terms of the eventual contract between the State and Contractor will be spelled out.
2. State will prequalify bidders (typically consortia of banks, engineering consultants and general contractors) on their financial, engineering and management strengths.
3. The prequalified bidders will submit their final designs, construction schedules and operation plans. State will select a successful bidder according to the preset criteria.

(continued)

Mr. Richard S. Armstrong
June 2, 1983
Page Two

4. Contractor will construct, operate and maintain the toll bridge.
5. After a certain number of years, State will purchase the bridge from Contractor for a predetermined price, and take over the operational responsibilities.

It appears from your report that most work necessary for establishment of design criteria has already been done. You could easily prepare a final design with State's fund and let bidders bid for it. This approach will simplify your task of bid evaluation, but you may miss an opportunity to take advantage of bidders' design ingenuity and particular strengths in performing certain types of construction.

Simple and loosely written design criteria helped the Government of Kuwait to get an ingeniously designed bridge (Bubiyah Bridge) inexpensively while the same approach muddled everything in the case of Rion-Antirion Crossing in Greece. My personal preference for the Knik Arm Crossing is to have relatively tight design specifications--at the level of your Conceptual Details--and permit the bidders to design only the details and construction methods to suit their capabilities.

Even with tight design specifications, the task of bid evaluation will not be simple. The fundamental question is what variable should be used as the main determinant of the bid when the construction cost is not a visible factor. One possibility would be the "Sell-back Price" if it is allowed to be bid on. All others being equal (or meeting the minimum criteria), State could pick up the bidder who offers the lowest sell-back price for a given target year.

As a part of the Contract terms, we expect the State to stipulate the maximum tolls chargeable to each type of vehicle for each period of years. We also expect the State to guaranty the minimum revenue traffic, and subsidize the Contractor if the traffic volume does not reach it. It will be a formidable task to devise a subsidy formula that will satisfy both the State and the Contractor. However, it is essential that it will be spelled out before bidding.

(continued)

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June 2, 1983
Page Three

Finally, because of Alaska's proximity to Japan, we expect Japanese consortia, and perhaps some Koreans, to offer very competitive bid packages. We also work closely with Japanese companies. We therefore urge you to keep the competition open to all international bidders and eliminate any and all Buy-American and U.S.-Flag requirements and penalties from this project, except that the local labor should be used for construction and operation, and that the operating company should be an Alaskan corporation.

If you wish, we will be happy to provide more detailed input as a potential bidder. Please feel free to call me anytime for informal discussion.

We wish you a great success in this challenging project.

Sincerely,



Y. Tito Sasaki
President

KNIK ARM CROSSING - PROGRESS SUMMARY
PRESENTED TO THE ALASKA STATE LEGISLATURE
SENATE COMMITTEE ON TRANSPORTATION

April 1984

In 1981, the Legislature appropriated \$5.5 Million for the Department of Transportation and Public Facilities to develop location and design criteria, to include traffic, environmental and right-of-way studies, and to estimate right-of-way and construction costs for a Knik Arm Crossing and connections to the Parks and Glenn Highways. In August 1981, Expressions of Interest were solicited from engineering consultants. Because of the size and complexity of the project, three of the fifteen respondents were requested to submit detailed proposals which were received in December. In January, 1982, EMPS/Sverdrup was selected and requested to submit a project Work Plan. After review by Department staff and the Knik Arm Crossing Steering Committee (consisting of a representative each from the military, Municipality of Anchorage and the Mat-Su Borough), the work plan was accepted in July, followed by negotiations which were finalized in September 1982 with a contract issued to EMPS/Sverdrup.

Concurrent with consultant negotiations, during the period January thru June 1982, the Department, with Bomhoff Associates, Air Photo Technology, and North Pacific Aerial Survey, conducted photographic reconnaissance of the north side of the Knik Arm and potential crossing sites. In August 1982, the Department also executed an agreement with the University of Alaska Geophysical Institute to provide technical review and analysis of existing site conditions, to include hydraulics, seismic, ice and geotechnical.

Because construction permits required from federal agencies (notably the Coast Guard and the Corps of Engineers) mandate an environmental investigation in accordance with the National Environmental Protection Act (NEPA), the Department requested the Federal Highway Administration (FHWA) to participate in the project as the Federal "Lead Agency" in accordance with regulations which implement NEPA. FHWA accepted the responsibility on November 1, 1982 and our current environmental investigation is proceeding in line with FHWA procedures.

Expected declines in State revenues caused Governor Sheffield to be concerned for the potentially high cost of the project. He decided that the State should conduct a preliminary analysis to determine if the project was economically feasible. In February 1983, the project's consultant was directed to temporarily suspend scheduled work and to focus all efforts on an economic evaluation of the crossing. The consultant defined a representative alignment and bridge crossing and determined that the project was indeed economically feasible considering the projected construction costs. Results were presented in an April 15, 1983 Economic Feasibility Report. Consequently, Governor Sheffield directed the Department to proceed with the project through preparation of bid documents for the crossing facility.

A milestone in project development occurred with publication of the Knik Arm Crossing Scoping Report on March 12, 1983 after public and agency scoping meetings which were held in Anchorage and Wasilla the preceeding January. "Scoping" is the formal process to establish lines of communication with Federal, State, and local agencies, organizations and private citizens with interest in the project; and to identify project alternatives to be evaluated, impact assessment procedures, and a schedule for environmental document preparation.

Another milestone was publication of the Final Corridor Alternatives Analysis in December, 1983. Several agency and public meetings to discuss the Draft Corridor Alternatives Analysis report were held in Anchorage and in Wasilla in September, 1983. The Final Corridor Alternatives Analysis report documents the deletion of unreasonable corridors and identifies the remaining corridors to be evaluated in detail for the environmental impact statement. These corridors are shown in Figure 1. In April 1983, alignments (routes) within the corridors were selected. These are described in the attached copy of Newsletter #5.

Conceptual designs and detailed environmental analysis for the preferred alignments will be presented in a Draft Environmental Impact Statement (DEIS) which is announced in the Federal Register and presented at public hearings for the project. The DEIS is scheduled for release in June. Following public and agency review and comment, the DEIS will be revised, published in final form (FEIS) and again announced in the Federal Register. When a Record of Decision is published in the Register, (estimated for December 1984) the EIS will be approved, final design can be completed, and construction may begin.

Concurrent with development of the EIS, a Project Implementation Plan will be developed which will address costs, financing, legal considerations, special legislation (if any), and the possibility to involve private investors in financing the project. The possibilities for federal and/or a combination of public and private funding for the project will also be investigated. The Implementation Plan, a followup to the April 15, 1983 Economic Feasibility report, will be completed in October 1984.

Geotechnical field investigations will be conducted during the Summer of 1984, to include three borings in the Knik Arm. Cost for the borings alone will exceed \$600,000 and consequently will be made at the most likely locations for the bridge footings. Delay could result from adverse geotechnical findings. Once test holes are drilled, it is possible that unstable subsurface conditions could be found which might require selecting a new alignment.

Potential delays also exist in the environmental review process. For example, if archeological finds were made on the selected corridor, or if rare or endangered wildlife species are found that would be adversely impacted, court challenges by environmental or other groups could cause significant delays. The Department is doing everything possible to prevent delays.

Barring unforeseen problems a detailed presentation of construction and financing options will be presented to the legislature at the beginning of its CY 1985 session. With approval from the legislature, and after bidding and bid analysis, a contract for design/construction of the crossing facility will be awarded for initial design during the winter of 1985-86 and construction beginning in the Spring of 1986, with completion by 1990 or 1991.

Separate design and construction projects would be established for the Anchorage and Mat-Su Connector roads to the crossing, and because of the longer time needed to construct the crossing, these could be phased for construction and integrated in the annual Federal Aid Highway Program where they would be in competition with other State highway projects.

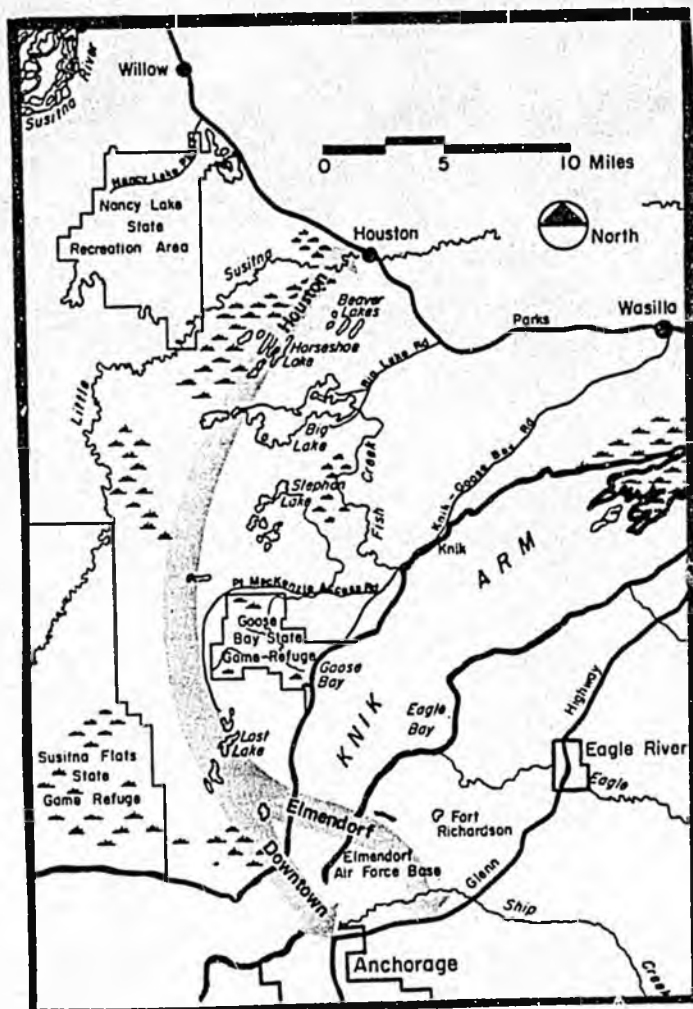
KNIK ARM CROSSING

KEY DATES

1984

DEIS	JUNE
PUBLIC HEARINGS	JULY
GEOTECHNICAL EXPLORATION DRILLING	AUGUST - SEPTEMBER
IMPLEMENTATION PLAN	OCTOBER
FEIS PUBLISHED	NOVEMBER
FEIS REVIEW & RECORD OF DECISION	DECEMBER
PRESENTATION TO LEGISLATURE: IMPLEMENTATION	JANUARY

FIGURE 1 RECOMMENDED CORRIDORS





KNIK ARM CROSSING

Newsletter

CROSSING ALIGNMENTS IDENTIFIED

The corridor alternatives analysis, completed in November 1983, identified two reasonable corridors for the location of a Knik Arm Crossing and its approach roads—Downtown/Houston and Elmendorf/Houston. Alignments within these corridors have now been developed for analysis in the Environmental Impact Statement (EIS). These alignments are based on additional engineering work and public comment on the "representative" alignments used for corridor analysis.

Each alignment is divided into three parts including a "Crossing," an Anchorage "Connector," and a Mat-Su "Connector." This has been done to reflect possible project staging and different financing schemes. The "Crossing" includes a bridge structure over the Arm and short roadways to bring bridge traffic to the existing road system in Anchorage and to a planned road in the Mat-Su Borough. The "Connectors" are roads which provide additional crossing access.

Navigation clearance 1,000 feet wide and 140 feet above MHHW (Mean Higher High Water) would be provided under the main span for vessels entering or leaving the Port of Anchorage. The two towers supporting the stayed-girder spans would project about 30 feet into the aviation clear zone for Merrill Field.

The estimated initial cost for the Crossing is \$549.7 million and annual maintenance cost is estimated to be \$1.1 million. Construction of the Crossing would take six years, including design time; the at-grade roadway can be built independently of the bridge and would take less time.

Seward Connector

This portion of the Downtown Project would be a 1.5-mile four-lane bridge connecting the Crossing to the Ingra-Gambell couplet at 3rd Avenue. Vehicular access to the Port of Anchorage would be provided from the Crossing by means of two ramps on the west side of the Alaska Railroad mainline track. The bridge would be high enough to allow clearance underneath for railroad traffic, but low enough to pass under the existing C Street viaduct.

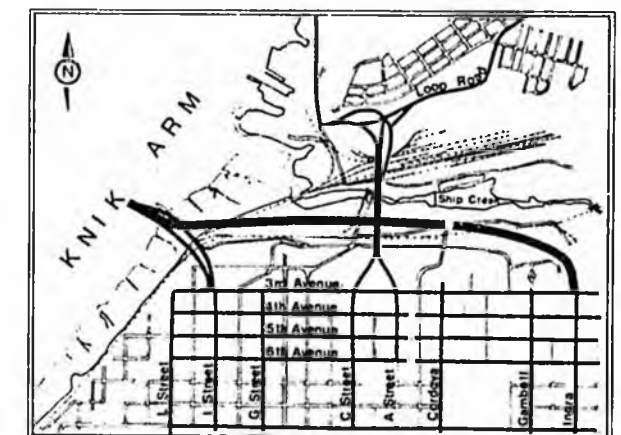
The estimated initial cost of the Seward Connector is \$94.0 million and annual maintenance cost is estimated to be \$40,000. It is anticipated that construction would be completed in two years with much of the work continuing through the winter. (continued)

THE DOWNTOWN PROJECT INCLUDES THE FOLLOWING:

- Crossing (access ramps from I and L Streets in downtown Anchorage, a bridge across Knik Arm, and a road connecting to a planned extension of the Point McKenzie Access Road).
- Seward Connector (road connecting the crossing with the Seward Highway and access ramps for the Port of Anchorage).
- Houston Connector
 - Segment 1 (road between crossing and east-west segment of Point MacKenzie Access Road).
 - Segment 2 (road between end of Segment 1 and Parks Highway at Houston).

Downtown Crossing

The crossing, about 5.5 miles long, would begin at the intersection of I Street and 3rd Avenue, cross the Arm, and proceed north for about two miles to Lake Lorraine. Its central feature would be the 2.9-mile-long bridge over Knik Arm, which would include a single level four-lane stayed-girder structure. The bridge would accommodate installation of utilities, but there would be no provisions for use by non-motorized vehicles or pedestrians.



Downtown Crossing & Seward Connector

BULK RATE
US POSTAGE PAID
PERMIT NO. 783
ANCHORAGE, AK

KNIK ARM CROSSING
430 "C" Street Suite 200 Anchorage, Alaska 99501

either water or land. Docking facilities would consist of large on-shore pads on each side of the Arm. Hovercraft are relatively unconstrained by ice and tides and would have greater operating speed, flexibility, and reliability than conventional ferry boats. Departures from one side of the Arm or the other would occur every 30 to 40 minutes. Hovercraft, access roads, and terminals would cost about \$156.0 million; the annual operating cost would be about \$7.0 million.

Glenn/Parks Improvement

This alternative would widen the Glenn Highway to six lanes between Eagle River and the Parks Highway near Palmer, and widen the Parks Highway to four lanes between the Glenn Highway and Big Lake Road costing approximately \$65 million. These improvements would increase the efficiency of future vehicle operations between outlying communities and Anchorage.

PROJECT STATUS

Progress continues toward completion of a Draft EIS for presentation at public hearings this summer. The transportation and other benefits of each alternative as well as adverse transportation, social and economic, natural resource, and cultural resource impacts are now being determined and compared.

KNIK ARM CROSSING PROJECT SPONSOR: Alaska Department of Transportation & Public Facilities.
PROJECT CONSULTANTS: EMPS-Sverdrup, Prime Consultant; De Leuw Cather & Company, Associate Consultant; Tryck, Nyman & Hayes, Associate Consultant.

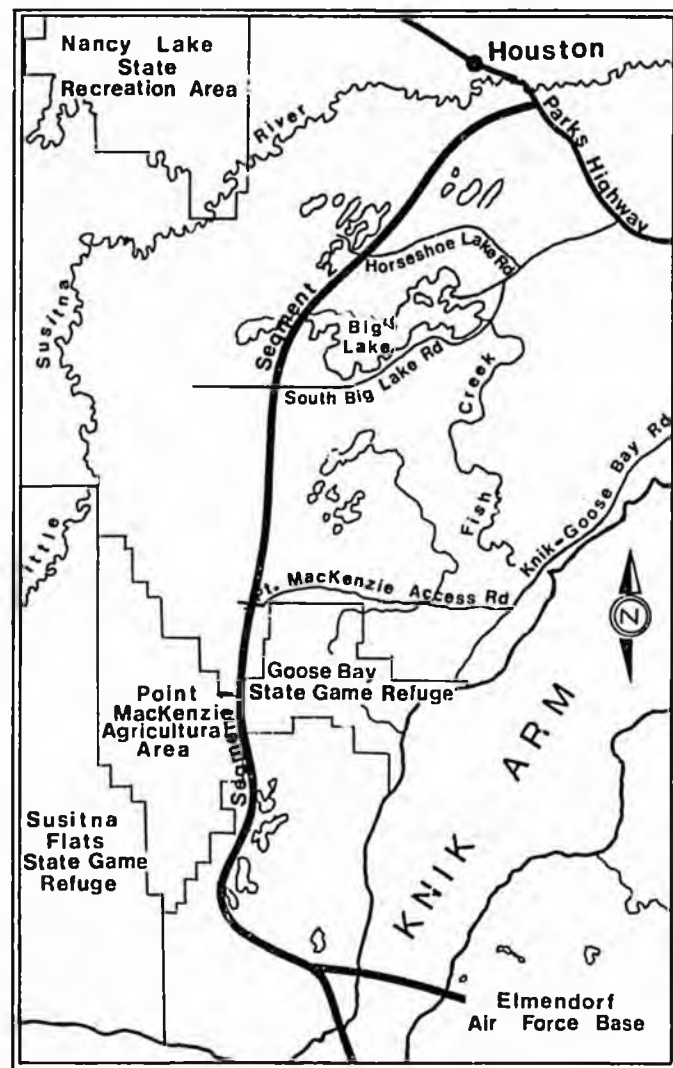
Houston Connector

This Connector joins either the Downtown or Eimendorf Crossing to the Parks Highway.

Segment 1 of the Houston Connector, a four-lane road within a 400-ft. right-of-way, starts at the north terminus of the Crossing south of Lake Lorraine and ends where the Point MacKenzie Access Road turns east. Segment 2 of the Connector, a two-lane road within a 400-ft. right-of-way, would continue north and terminate at the Parks Highway about .25 miles south of the Alaska Railroad grade crossing near Houston. A bridge would be required for the water crossing of the narrows between Mirror Lake and Big Lake.

Access to the Connector would be limited to intersections at two- to five-mile intervals along the route. There would be no provisions for use by non-motorized vehicles or pedestrians except crossing of the road by users of the Iditarod Trail.

The estimated initial costs for the Connector are: Segment 1, \$25.8 million; Segment 2, \$27.0 million. Annual



Houston Connector

maintenance costs are estimated to be \$400,000 for Segment 1 and \$300,000 for Segment 2. Construction would occur during the final four years of project construction.

THE ELMENDORF PROJECT INCLUDES THE FOLLOWING:

- Crossing (road in Anchorage, a bridge across Knik Arm, and a road connecting to a planned extension of the Point MacKenzie Access Road).
- Glenn Connector (additional interchange ramps at Muldoon Road and Glenn Highway).
- Houston Connector (same as with Downtown Project).

Elmendorf Crossing

The Crossing, approximately 10 miles long, would begin at the Glenn Highway near Muldoon Road, cross Elmendorf AFB and Fort Richardson, cross Knik Arm, and reach the Mat-Su bluff about four miles northeast of the tip of Point MacKenzie. The Crossing would proceed west for about one mile before ending near Lake Lorraine.

The portion of the Crossing passing through Elmendorf AFB and Fort Richardson would be a fully access-controlled four-lane divided highway; 16 bridges would be needed including two over the Alaska Railroad. Except for Ship Creek, this portion of the highway would not cross any major streams or lakes.

A 300-foot-wide right-of-way would be required through military property, approximately 2,200 acres. The Air Force is preparing to commission an independent study to determine their best location for an Elmendorf Crossing segment from the perspective of the military's mission and operating requirements.

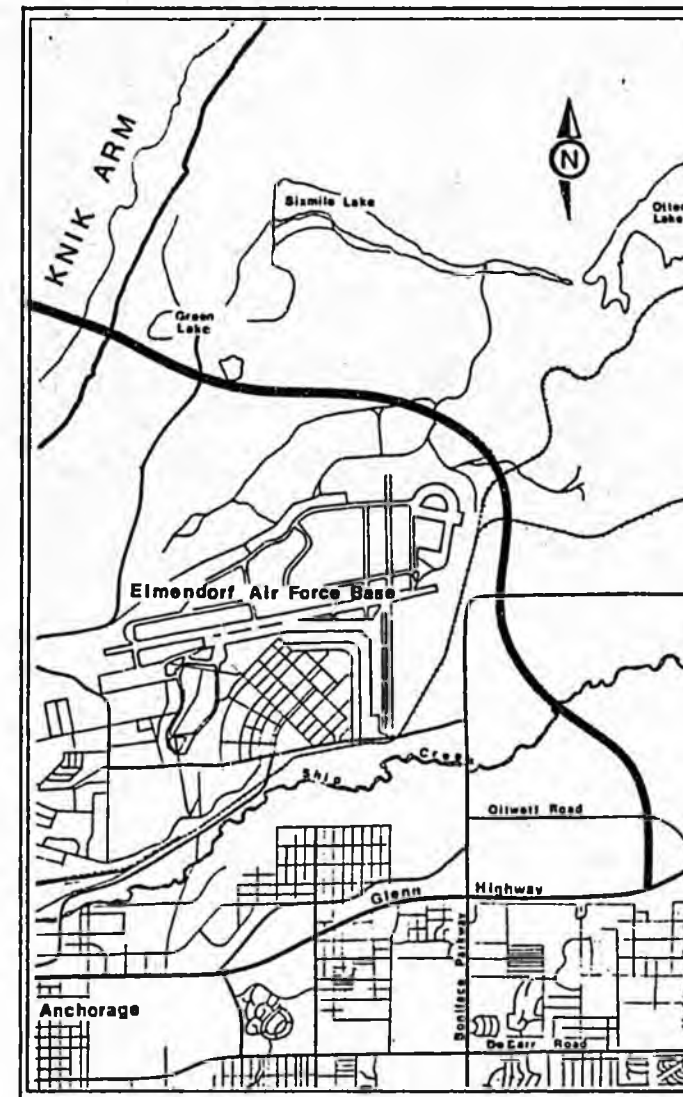
A four-lane double-level bridge, 2.5 miles long, would cross Knik Arm. Navigation clearance for large boats would not be provided. However, there would be clearance for small craft. Provisions could be made to allow for the installation of utility lines.

On the Mat-Su side of the Arm, the Crossing would be a four-lane at-grade roadway within a 400-foot right-of-way. No provisions would be made for use by pedestrians or non-motorized vehicles.

The estimated initial cost for the Crossing is \$373.8 million and annual maintenance cost is estimated to be \$1.1 million. Construction would take five years, taking into account design time, the effects of site conditions, and winter shutdown. The at-grade roadway can be built independently of the Arm bridge and would take about two years.

Glenn Connector

The Connector consists solely of the two one-way ramps connecting to the east on the Glenn Highway. The estimated initial cost for the Connector is \$17.3 million and



Elmendorf Crossing & Glenn Connector

annual maintenance cost is estimated to be \$20,000. Construction of the Connector can be delayed until traffic exceeds the capacity of a half-diamond interchange at Oilwell Road.

RAILROAD ON THE CROSSING

An option to be considered is modifying the crossing bridge design to accommodate the railroad at some future time. Conceptual designs, costs, and impacts of this option are yet to be identified.

BUS SERVICE IMPROVEMENTS

Bus service improvements are being evaluated as part of both the Crossing Alternatives and the No-Crossing Alternatives.

OTHER ALIGNMENTS EXAMINED BUT DETERMINED TO BE UNREASONABLE

The alignments to be analyzed in the EIS achieve project transportation objectives while minimizing environ-

mental impacts. Several other alignments within the reasonable corridors identified in the corridor alternatives analysis were examined and dropped from further consideration early in the EIS preparation process and include:

Downtown Crossing and Seward Connector

- Connect the Southbound Ramp in the Vicinity of the Ingra/Gambell Couplet Directly to Gambell Street. This alignment would pass through the Alaska Native Medical Center complex.
- Ramps Serving Downtown Anchorage on the "C" Street Viaduct. This route would cause congestion on the A/C couplet and throughout downtown.
- Ramps Connecting to "E" and "G" Streets. This route would not connect to a through street and would interfere with plans for a historic park.
- Connect the Southbound Ramp at the I/L Couplet Directly to "L" Street at 3rd Avenue. This alignment would encroach on Resolution Park.
- Connect the Southbound Ramp at the I/L Couplet to "L" Street at 6th Avenue. This route would disrupt the Bootlegger's Cove neighborhood.

Elmendorf Crossing and Glenn Connector with the alignment beginning at Boniface Parkway and crossing the Arm further north. This alignment would disrupt Elmendorf AFB access, buildings, hazardous waste disposal, munitions storage, and a costly antenna field.

Houston Connector with the northern part of the alignment further west. This route costs more and disrupts more wetlands and wildlife habitat.

NO-CROSSING ALTERNATIVES

No-Crossing Alternatives will also be examined in the EIS. They include No-Action, Hovercraft, and Glenn/Parks Improvements.

No-Action

The No-Action Alternative is defined as the existing road network in the Knik Arm crossing analysis area plus several improvements scheduled for completion with or without the proposed Crossing project.

Hovercraft (Air-Cushion Vehicle)

This alternative is the purchase of two 60-vehicle/418 passenger Hovercraft which have the ability to travel over

(continued)

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH Z
JUNEAU, ALASKA 99811
PHONE: (907) 465-3900

March 29, 1984

Re: DOT&PF Position and
Perspectives on CSHB 661

The Honorable Joe Hayes
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Hayes:

In response to a March 28, 1984 request from Mr. Neil Phelps-Munson of your office, following is a brief summary of the DOT&PF position and perspectives on CSHB 661. I have discussed this information with Commissioner Knapp to assure accurate presentation of our Department's position.

BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

1. Provide DOT&PF the authority to sell revenue bonds to finance toll bridges and highways; and
2. Authorize DOT&PF to collect tolls on bridges and highways to make principal and interest payments on the revenue bonds.

The purpose of the bill was to provide a financing mechanism for the Knik Arm Crossing. A framework approach was taken on advice of the Attorney General, recognizing the State Constitution's requirements to avoid legislation specific to a location or region. We also wanted to preserve the option to recommend the mechanism for future revenue producing highway or bridge projects.

The bill is modeled after the revenue bond provisions of the Airport Revenue Fund. The model was used because it is known to the legislature, and has a good track record to present to bond underwriters and rating organizations.

DEPARTMENT POSITION ON CSHB 661

The DOT&PF continues to recommend a framework concept for bills like HB 661. However, we recognize the committee substitute to be a reasonable compromise recognizing concerns expressed by legislators. We, therefore, support the committee substitute and recommend its passage.

APPLICATION TO KNIK ARM CROSSING

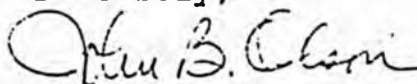
The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation plan will lead to the legislative direction needed to construct the crossing. No sales of revenue bonds or other related action will be taken before the next legislative session. I and other DOT&PF staff will be working with legislators to exchange information prior to finalizing our recommendations and presenting the implementation package to the legislature.

APPLICATION TO OTHER PROJECTS

If the Knik Arm Crossing uses the revenue bond sales concept outlined in CSHB 661, the mechanism will be available for other projects. (The bill requires application to the Knik Arm Crossing before any other project.) It should be recognized that bridge and highway projects that can generate revenues in excess of their operation and maintenance costs are quite unique in Alaska. To the extent such projects are identified in the future (we have none to suggest at this time) the legislature would play an active role in their development and financing.

Please contact me if you have any questions regarding our position on CSHB 661 or the Knik Arm Crossing.

Sincerely,



RJK
R. J. Knapp
Commissioner

ajh

cc: Ray Gillispie, Legislative Assistant, Governor's Office
Jerry Hamel, Project Manager, Knik Arm Crossing
David Haugen, Deputy Commissioner, Central Region
Paula Ramsey, Budget Analyst/Legislative Liaison
William R. Snell, Director Planning & Programming, Central