

HB

23

<TARGET><BILL>HB 23</BILL><SUBJECT>HB
23</SUBJECT><COMM>HRLS28</COMM></TARGET>

HOUSE COMMITTEE REPORT

(7)

Date RETURNED to Committee: April 8, 2013

FURTHER REFERRALS:

Date of Committee Action: April 11, 2013

The RULES Committee considered:

CSHB 23(FIN)

CS FOR HOUSE BILL NO. 23(FIN)

"An Act relating to bonds of the Knik Arm Bridge and Toll Authority; relating to reserve funds of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund."

HB 23 KNIK ARM BRIDGE AND TOLL AUTHORITY

Recommends it be replaced with HCS or CS for HB 23 (RLS)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

- List of Abbrev for Depts.:*
- ADM
 - CED
 - COR
 - CRT
 - EED
 - DEC
 - DFG
 - GOV
 - DHS
 - LWF
 - LAW
 - LEG
 - MVA
 - DNR
 - DPS
 - REV
 - DOT
 - UA

NEW FISCAL NOTES				
<small>*FN# is assigned by Chief Clerk's Office</small>				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	REV	✓		
	RVE	✓		

PREVIOUS FISCAL NOTES				
FN#	List by Dept(s):	Fiscal	Indet.	Zero
?	DOR			✓

Signing with recommendations	Printed Last Name	DP	DNP	NR	AM
	Cheryl Butts			X	
	Keller	X			
	HERRON			X	
	Hawken			★	
	OLSON			X	
	Gruenberg			✓	
Chair:	Johnson	X			
Chair:	Johnson				

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 23
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB023CS-AHFC-KBTA-4-9-13
Title: KNIK ARM BRIDGE AND TOLL AUTHORITY
Sponsor: NEUMAN, HUGHES
Requester: House Rules Committee

Department: Department of Revenue
Appropriation: Alaska Housing Finance Corporation
Allocation: Knik Arm Bridge/Toll Authority
OMB Component Number: 2715

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services	1,423.3							
Travel	34.4							
Services	325.8							
Commodities	11.8							
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	1,795.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1007 I/A Rcpts	1,795.3							
Total	1,795.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time	8.0							
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0
Estimated CAPITAL (FY2014) cost: 10,000.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This is the initial version of this note.

Prepared By: Les Campbell
Division: Alaska Housing Finance Corporation
Approved By: Dan Fauske
Alaska Housing Finance Corporation

Phone: (907)330-8356
Date: 04/09/2013 02:40 PM
Date: 04/09/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 23

Analysis

The Committee Substitute removes the Knik Arm Bridge and Toll Authority from the bill and creates the Knik Crossing Development Corporation as a subsidiary of the Alaska Housing Finance Corporation in the Department of Revenue. The Board of Directors of the AHFC shall be the board of directors for the Knik Crossing Development Corporation.

This fiscal note reflects the transfer of the component from DOT/PF to Alaska Housing Finance Corporation that will take place as a result of the CS.

A \$10 million appropriation item in the Capital Budget for the reserve fund is contingent upon passage of this legislation and not a capital cost for AHFC.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 23
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB023CS-DOT-KBTA-4-9-13
Title: KNIK ARM BRIDGE AND TOLL AUTHORITY
Sponsor: NEUMAN, HUGHES
Requester: House Rules Committee

Department: Department of Revenue
Appropriation: Alaska Housing Finance Corporation
Allocation: Knik Arm Bridge/Toll Authority
OMB Component Number: 2715

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services	(1,423.3)	1,423.3					
Travel	(34.4)	34.4					
Services	(325.8)	325.8					
Commodities	(11.8)	11.8					
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	(1,795.3)	1,795.3	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1061 CIP Rcpts	(1,795.3)	1,795.3					
Total	(1,795.3)	1,795.3	0.0	0.0	0.0	0.0	0.0

Positions

Full-time	(8.0)	8.0					
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This is the initial version of this note.

Prepared By: Connie McKenzie
Division: Office of the Commissioner
Approved By: Mary Siroky
Administrative Services Director

Phone: (907)465-4772
Date: 04/09/2013 02:30 PM
Date: 04/09/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 23

Analysis

The Committee Substitute removes the Knik Arm Bridge and Toll Authority from the bill and creates the Knik Crossing Development Corporation as a subsidiary of the Alaska Housing Finance Corporation (AHFC) in the Department of Revenue. The Board of Directors of the AHFC shall be the board of directors for the Knik Crossing Development Corporation.

This fiscal note reflects the transfer of the component from DOT&PF to the Department of Revenue that will take place as a result of the CS.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSHB 23(FIN)
Fiscal Note Number: 2
(H) Publish Date: 4/3/13

Identifier: HB023CS(FIN)-DOR-TRS-04-02-13
Title: KNIK ARM BRIDGE AND TOLL AUTHORITY
Sponsor: NEUMAN, HUGHES
Requester: (H) FIN

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Treasury Division
OMB Component Number: 121

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Updated verison due to CS in House Finance.

Prepared By: Scott Jones, Assistant Comptroller
Division: Treasury
Approved By: Angela Rodell
Deputy Commissioner, DOR

Phone: (907)465-2348
Date: 04/02/2013 12:00 PM
Date: 04/02/13

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 23(FIN)

Analysis

This bill would create an Knik Arm Crossing fund in the general fund. This fund would be one of many non-segregated funds that are invested alongside other funds in the GeFonsi and therefore no additional costs would be incurred by Treasury.

This bill creates a limited moral obligation for the State of Alaska. Revenue derived by the authority, appropriations and other money made available will be deposited into the Knik Arm Crossing Fund and used for the payment of monetary obligations, liabilities and indebtedness of the authority. To the extent the balance in the fund is below the fund requirement, the authority will be required to come to the legislature and ask for an appropriation in the amount of the shortfall.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSHB 23(FIN)
Fiscal Note Number: 3
(H) Publish Date: 4/3/13

Identifier: CSHB023-DOT-KABATA-4-1-13
Title: KNIK ARM BRIDGE AND TOLL AUTHORITY
Sponsor: NEUMAN, HUGHES
Requester: House Transportation Committee

Department: Department of Transportation and Public Facilities
Appropriation: Design, Engineering and Construction
Allocation: Knik Arm Bridge/Toll Authority
OMB Component Number: 2715

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0
Estimated CAPITAL (FY2014) cost: 10,000.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This updated version reflects changes made in the most recent committee substitute of the bill.

Prepared By: <u>Michael Rovito, Legislative Liaison</u>	Phone: <u>(907)269-6698</u>
Division: <u>KABATA</u>	Date: <u>04/01/2013 09:00 AM</u>
Approved By: <u>Andrew Niemiec, Executive Director</u>	Date: <u>04/01/13</u>
<u>KABATA</u>	

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB 23(FIN)

Analysis

This bill will increase KABATA's bond issuance authority from \$500 million to \$600 million; it will clarify that the Knik Arm Crossing facility is exempt from local property taxes while operated by a private entity on behalf of the state; and it will establish a project reserve and detail the operation of the reserve.

Increase in Bonding Authority to \$600 million

- Increase to match \$600 million in federal Private Activity Bond (PABs) capacity allocated to the project.
- PABs require a public entity to act as conduit issuer for the private borrower.
- Any PABs issued are a liability of the private partner, not the State.

Property Tax Clarification

- Clarifies that the bridge and associated connectors are not subject to property taxes if operated by a private partner on behalf of the state (the facility is already exempt if operated by the state.)
- Any private facilities of the developer not serving the public transportation purpose remain subject to property tax.

Project Reserve.

- Location where toll revenue, appropriations and other funds are deposited.
- Establishes the Department of Revenue as the fiduciary to hold the appropriation until the agreement is executed.
- Requires annual reporting to the legislature and Governor on the status of the reserve fund and provides process for replenishment subject to appropriation.
- The CS for HB 23 terminates the duty of the chair to report the amount needed for replenishment of the fund, if any, upon the cumulative appropriation to the Authority, after January 1, 2013, of \$1,140,000,000.

A \$10 million appropriation item in the Capital Budget meant for the proposed reserve established by this bill is not a capital cost associated with this legislation.

Passage of this bill will have no fiscal impact to the Knik Arm Bridge and Toll Authority.

ALASKA STATE LEGISLATURE

Member:
House Finance Committee

Chair:
House Budget Sub Committees on:
- Department of Health & Social Services
- Department of Transportation & Public
Facilities



Session:
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Representative Mark Neuman

Rep.Mark.Neuman@akleg.gov

House Bill 23 Sponsor Statement

House Bill 23 amends the Knik Arm Bridge and Toll Authority's enabling statute to provide for a successful procurement for the Knik Arm Crossing project and to generate the best value for the state. Passing this legislation this session is important to seeing the Knik Arm Crossing efficiently move toward a successful and low-cost procurement process and facilitate being open for traffic in 2015. The Knik Arm Crossing will be a significant addition to Alaska's infrastructure that will further facilitate the movement of goods and people in the state.

This bill was written in consultation with the Knik Arm Bridge and Toll Authority (KABATA), which was established in 2003 by the Alaska Legislature. The bill accomplishes many items KABATA has deemed necessary to have a successful public-private partnership procurement. Those items are:

- **Increase in KABATA's Bonding Authority from \$500 million to \$600 million**
 - The \$600 million number represents the same amount authorized under Private Activity Bond (PABs) allocation from FHWA
 - Lowers the cost of capital for the project and ultimately lowers the cost to end users
 - Private partner is the borrower of any PABs issued.
- **Clarify that the bridge and associated facilities are exempt from state and local property taxes**
 - Like any other transportation project in our State, the roads and bridges are not subject to property taxation.
 - Any private facilities developed outside the crossing will be taxable
 - Property tax exemption reduces the availability payment and reduces the toll

- **Contractual Monetary Obligations**

- Identifies the *obligations of the State of Alaska* under a P3 process
- The legislative language applies to “monetary liabilities” which may be incurred by KABATA under a P3 process
- Any P3 agreement needs to be approved by the KABATA Board of Directors, State AG’s office, and ADOT&PF
- Serves to lower the cost of debt and equity to finance the project
- Keeps the tolls affordable to the traveling public

Project reserve

- Creation of a reserve fund is to provide a backstop for toll revenue fluctuations.
- Serves to enhance the credit worthiness of the project and reduce project costs
- Will be repaid over the project life

All of the above language clarifications and additions serve to lower the cost of capital on this much needed infrastructure project and deliver the benefits in a timely and efficient manner.

Please help me by supporting this legislation so a long-term, long sought after project can be realized.



Representative Mark Neuman
Alaska State Capital, Rm. 513
Rep.Mark.Neuman@akleg.gov

CSHB 23 (FIN)

Summary of Changes in the Finance Committee Substitute

CSHB 23(FIN) Subsection (I)

Page 4, line 9 thru 12

Adds to this section language that caps the moral obligation of the state.

The language was added to the bill after discussions in House Transportation raised the question of obligation. The language was drafted by the Department of Law with the assistance of the Department of Revenue and KABATA's financial advisor.

The State can and has put sideboards on debt obligations. This amount was established by calculating worst case scenarios. The amount also includes a scenario where the state chooses to terminate to take at vantage of lower interest rates.



Representative Mark Neuman
Alaska State Capital, Rm. 513
Rep.Mark.Neuman@akleg.gov

CSHB 23 (FIN)

SECTIONAL SUMMARY

Section 1 repeals and reenacts AS 19.75.211(a)

Authorizes the authority to borrow money and issue revenue bonds on which the principal and interest are paid out of and secured by (1) the gross revenue derived from fees, rents, tolls, rates, charges, and other revenue; (2) revenue received by a private person or enterprise that has entered into a public-private partnership agreement with the authority; or (3) any revenue or money appropriated to the authority for that purpose, except a state tax or license.

Section 2 amends AS 19.75.211(c)

Raises the limit on the amount of aggregate bonds the authority may issue to \$600 million.

Section 3 amends AS 19.75.211 by adding a new subsection

(e) Requires the authority to submit to the state bond committee a description of the bonds to be issued in advance. The bonds may not be issued unless the state bond committee finds that the revenue can reasonably be expected to be adequate for payment of principle and interest on the bonds.

Section 4 amends AS 19.75.211(h)

Specifies what must be deposited in the reserve fund, which includes revenue derived by the authority from fees, rents, tolls, rates, charges, or other revenue; appropriations for that purpose; and other revenue available to the authority.

Section 5 amends AS 19.75.211 by adding a new subsections

- (i) Specifies the purposes for which the money in the reserve fund can be used.
- (j) Allows the authority to transfer income or interest earned by the reserve fund to other funds or accounts of the authority as long as the transfer does not reduce the reserve fund to less than the reserve fund requirement.
- (k) Specifies how to value securities the fund is invested in to compute the amount of the reserve fund.
- (l) Requires the chair of the board to notify the governor and the legislature annually of the amount required to restore the reserve fund to the reserve fund requirement and establishes a cap on the moral obligation of the state.
- (m) Defines the "reserve fund requirement."

Section 6 amends AS 19.75.261

Exempt any real and personal property, assets, income, or other interests held by a private person or enterprise under a public-private partnership from all ad valorem taxes on real or personal property and special tax assessments of the state or a political subdivision of the state.

Section 7 adds a new section, AS 19.75.345,

Establishes the Knik Arm Crossing Fund.

AMENDMENT #1

OFFERED IN THE HOUSE
TO: CSHB 23(FIN)

1 Page 1, line 1:

2 Delete "relating to bonds of the Knik Arm Bridge and Toll Authority"

3 Insert "creating the Knik Crossing Development Corporation as a subsidiary of
4 the Alaska Housing Finance Corporation; relating to bonds of the Knik Crossing
5 Development Corporation"

6

7 Page 1, line 2:

8 Delete "authority"

9 Insert "corporation"

10

11 Page 1, line 3:

12 Delete "authority"

13 Insert "corporation"

14 Delete "Arm"

15

16 Page 1, following line 5:

17 Insert new bill sections to read:

18 **** Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

19 (b) The corporation shall create the Knik Crossing Development Corporation
20 as a subsidiary corporation. The board shall be the board of directors of the Knik
21 Crossing Development Corporation and is authorized to exercise all the powers and
22 duties set out in AS 19.75.

23 *** Sec. 2.** AS 19.75.011 is amended to read:

1 **Sec. 19.75.011. Purpose.** The purpose of the corporation [AUTHORITY]
2 created by this chapter is to develop, stimulate, and advance the economic welfare of
3 the state and further the development of public transportation systems in the vicinity of
4 the Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
5 Municipality of Anchorage and the Matanuska-Susitna Borough.

6 * **Sec. 3.** AS 19.75.021(a) is repealed and reenacted to read:

7 (a) The Knik Crossing Development Corporation shall be a subsidiary
8 corporation created by the Alaska Housing Finance Corporation under AS 18.56.086.

9 * **Sec. 4.** AS 19.75.021(b) is amended to read:

10 (b) The corporation [AUTHORITY] may not be terminated as long as it has
11 bonds, notes, or other obligations outstanding. Upon termination of the corporation
12 [AUTHORITY], its rights and property pass to the Alaska Housing Finance
13 Corporation [STATE].

14 * **Sec. 5.** AS 19.75.031 is repealed and reenacted to read:

15 **Sec. 19.75.031. Board of directors of corporation.** The board of directors for
16 the Alaska Housing Finance Corporation shall be the board of directors for the Knik
17 Crossing Development Corporation.

18 * **Sec. 6.** AS 19.75.041(a) is amended to read:

19 (a) The powers of the corporation [AUTHORITY] are vested in the board.

20 * **Sec. 7.** AS 19.75.041(c) is amended to read:

21 (c) [THE GOVERNOR SHALL DESIGNATE ONE MEMBER OF THE
22 BOARD TO SERVE AS THE CHAIR OF THE BOARD.] The [VOTING] members
23 of the board shall elect a chair and other officers they determine desirable.

24 * **Sec. 8.** AS 19.75.051 is amended to read:

25 **Sec. 19.75.051. Executive director.** The corporation [AUTHORITY] shall
26 employ an executive director who may not be a member of the board. The executive
27 director shall serve at the pleasure of the board. The board shall establish the duties
28 and compensation of the executive director.

29 * **Sec. 9.** AS 19.75.081 is amended to read:

30 **Sec. 19.75.081. Legal advisor.** The attorney general is the legal counsel for the
31 corporation [AUTHORITY]. The attorney general shall advise the corporation

1 [AUTHORITY] may also secure payment of the bonds as provided in this chapter;

2 (8) incur other indebtedness, including lines of credit and indebtedness
3 to the Federal Highway Administration, United States Department of Transportation,
4 under 23 U.S.C. 601 - 610 (Transportation Infrastructure Finance and Innovation Act
5 of 1998), as amended, and secure that indebtedness as provided in this chapter;

6 (9) apply for and accept gifts, grants, or loans from a federal agency or
7 an agency or instrumentality of the state, or from a municipality, private organization,
8 or other source, including obtaining title to state, local government, or privately owned
9 land, directly or through a department of the state having jurisdiction of the land;

10 (10) fix and collect fees, rents, tolls, rates, or other charges for the use
11 of the Knik Arm bridge and appurtenant facilities, or for a service developed,
12 operated, or provided by the corporation [AUTHORITY]; notwithstanding
13 AS 37.10.050(a), fees, rents, tolls, rates, and other charges fixed and collected under
14 this paragraph may exceed the actual operating cost of the use of the bridge, facility,
15 or service;

16 (11) bring civil actions, refer criminal actions to the appropriate
17 authority, and take other actions or enter into agreements with law enforcement and
18 collection agencies to enforce the collection of its fees, rents, tolls, rates, other
19 charges, penalties, and other obligations;

20 (12) pledge, encumber, transfer, or otherwise obligate revenue derived
21 by the corporation [AUTHORITY] from the ownership, use, or operation of toll
22 facilities, including fees, rents, tolls, rates, charges, or other revenue of the
23 corporation [AUTHORITY] or money that the legislature may appropriate, except a
24 state tax or license, as security for bonds or other indebtedness or agreements of the
25 corporation [AUTHORITY];

26 (13) deposit or invest its funds, subject to agreements with
27 bondholders;

28 (14) procure insurance against any loss in connection with its
29 operation;

30 (15) contract for and engage the services of consultants, experts, and
31 financial and technical advisors that the corporation [AUTHORITY] considers

1 necessary for the exercise of its powers and functions under this chapter;

2 (16) apply for, obtain, hold, and use permits, licenses, or approvals
3 from appropriate agencies of the state, the United States, a foreign country, and any
4 other proper agency in the same manner as any other person;

5 (17) perform reconnaissance studies and engineering, survey, and
6 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

7 (18) exercise powers of eminent domain or file a declaration of taking
8 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
9 09.55.460 to acquire land or an interest in land; the corporation's [AUTHORITY'S]
10 exercise of powers under this paragraph may not exceed the permissible exercise of
11 those powers by the state;

12 (19) confer with municipal and other governments, metropolitan
13 planning organizations, and the department, concerning the Knik Arm bridge;

14 (20) do all acts and things necessary to carry out the powers expressly
15 granted or necessarily implied in this chapter; nothing in this chapter limits the powers
16 of the corporation [AUTHORITY] that are expressly granted or necessarily implied.

17 (b) The corporation [AUTHORITY] shall

18 (1) prepare an annual report of its operations to include a balance
19 sheet, an income statement, a statement of changes in financial position, a
20 reconciliation of changes in equity accounts, a summary of significant accounting
21 principles, an auditor's report, comments regarding the year's business, and prospects
22 for the next year; the report shall be completed by the third day of each regular session
23 of the legislature, and the corporation [AUTHORITY] shall notify the governor, the
24 commissioner of the department, the presiding officers of each house of the
25 legislature, and the Legislative Budget and Audit Committee that the report is
26 available;

27 (2) comply with the provisions of AS 37.07 (Executive Budget Act),
28 except that AS 37.07 does not apply to the activities of the corporation
29 [AUTHORITY] that relate to the corporation's [AUTHORITY'S] borrowing of
30 money as provided in this chapter, including the issuing of its obligations or evidence
31 of that borrowing and the repayment of the debt obligation;

1 (3) establish a personnel management system for hiring employees and
2 setting employee-benefit packages;

3 (4) establish procedures, rules, and rates governing per diem and travel
4 expenses of the employees of the corporation [AUTHORITY] in substantial
5 conformity to statutes, procedures, rules, and rates applicable to state employees of
6 similar state entities;

7 (5) coordinate the exercise of its powers to plan, design, construct,
8 operate, and maintain the Knik Arm bridge with the department, and with the mayors
9 of the Municipality of Anchorage and the Matanuska-Susitna Borough;

10 (6) have the exclusive authority to determine and fix fees, rents, tolls,
11 rates, and other charges, including the tolls for the use of the bridge and appurtenant
12 facilities and for the use of all other properties under the control of or owned or
13 managed by the corporation [AUTHORITY].

14 * **Sec. 11.** AS 19.75.113 is amended to read:

15 **Sec. 19.75.113. Assets, funds, and revenue of the corporation**
16 **[AUTHORITY].** (a) The Department of Revenue shall separately account for all
17 funds, assets, and revenue of the corporation [AUTHORITY].

18 (b) The deposit or investment of money in the corporation's
19 [AUTHORITY'S] funds may be made as the board determines. The interest earned on
20 or profits derived from the deposit, investment, or sale of an investment by the
21 corporation [AUTHORITY] are funds of the corporation [AUTHORITY]."

22
23 Page 1, line 6:

24 Delete "Section 1"

25 Insert "Sec. 12"

26
27 Renumber the following bill sections accordingly.

28
29 Page 1, line 7:

30 Delete "authority"

31 Insert "corporation"

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Page 1, line 10:

- Delete "authority"
- Insert "corporation"

Page 1, line 12:

- Delete "authority"
- Insert "corporation"

Page 1, line 14:

- Delete "authority"
- Insert "corporation"

Page 2, following line 2:

Insert a new bill section to read:

**** Sec. 13.** AS 19.75.211(b) is amended to read:

(b) The bonds of the corporation [AUTHORITY] may be sold in the amounts or series and at the time determined by its board of directors. Bonds, or a series of bonds, may not be sold if the effective interest rate over the life of the bonds exceeds 11 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer Index of 20 Municipal Bond Average Yields for the week previous to the date of the sale of the bonds, whichever is higher."

Renumber the following bill sections accordingly.

Page 2, line 4:

- Delete "authority"
- Insert "corporation [AUTHORITY]"

Page 2, line 8:

- Delete "authority"

1 Insert "corporation"

2

3 Page 2, line 9:

4 Delete "authority"

5 Insert "corporation"

6

7 Page 2, line 12:

8 Delete "authority"

9 Insert "corporation"

10

11 Page 2, line 15:

12 Delete "authority"

13 Insert "corporation"

14

15 Page 2, line 18:

16 Delete "authority"

17 Insert "corporation"

18

19 Page 2, line 19:

20 Delete "authority"

21 Insert "corporation"

22

23 Page 2, line 21:

24 Delete "authority"

25 Insert "corporation"

26

27 Page 2, following line 23:

28 Insert new bill sections to read:

29 "* **Sec. 16.** AS 19.75.221(a) is amended to read:

30 (a) In the discretion of the corporation [AUTHORITY], an issue of bonds

31 may be secured by a trust indenture or trust agreement between the corporation

1 [AUTHORITY] and a corporate trustee, by a secured loan agreement or other
2 instrument, or by a resolution giving powers to a corporate trustee, by means of which
3 the corporation [AUTHORITY] may

4 (1) make agreements with the trustee or the holders of the bonds that
5 the corporation [AUTHORITY] determines to be necessary or desirable, including
6 agreements as to the

7 (A) application, investment, deposit, use, and disposition of

8 (i) the proceeds of bonds of the corporation
9 [AUTHORITY];

10 (ii) money or other property of the corporation
11 [AUTHORITY]; or

12 (iii) money or other property in which the corporation
13 [AUTHORITY] has an interest;

14 (B) fixing and collecting of fees, rents, tolls, rates, or other
15 charges;

16 (C) assignment by the corporation [AUTHORITY] of its
17 rights in any contract with respect to the Knik Arm bridge or in a mortgage or
18 other security interest created with respect to the Knik Arm bridge to a trustee
19 for the benefit of bondholders;

20 (D) terms and conditions under which the corporation
21 [AUTHORITY] may issue additional bonds;

22 (E) vesting in a trustee of rights, powers, duties, money, or
23 property in trust for the benefit of bondholders, including the right to enforce
24 payment, performance, and all other rights of the corporation [AUTHORITY]
25 or of the bondholders, under a lease, power of contract, contract of sale,
26 mortgage, security agreement, or trust by injunction or other proceeding or by
27 taking possession by agent or otherwise, and operating the Knik Arm bridge
28 and collecting rents or other consideration and applying the same in
29 accordance with the trust agreement;

30 (2) pledge, mortgage, or assign money, leases, agreements, property,
31 or other rights or assets of the corporation [AUTHORITY] either presently in hand or

1 to be received in the future, or both; and

2 (3) provide for any other matters that affect the security or protection
3 of the bonds.

4 * **Sec. 17.** AS 19.75.221(b) is amended to read:

5 (b) Notwithstanding any other provisions of this chapter, the trust agreement
6 must contain an agreement by the corporation [AUTHORITY] that the corporation
7 [AUTHORITY] will at all times maintain fees, rents, tolls, rates, or other charges
8 sufficient to

9 (1) pay the costs of operation and maintenance of the Knik Arm bridge
10 and its appurtenant facilities and the principal of and interest on bonds issued under
11 the trust agreement as the bonds severally become due and payable;

12 (2) provide for debt service coverage as considered necessary by the
13 corporation [AUTHORITY] for the marketing of its bonds; and

14 (3) provide for renewals, replacements, and improvements of the Knik
15 Arm bridge, and to maintain reserves required by the terms of the trust agreement.

16 * **Sec. 18.** AS 19.75.221(c) is amended to read:

17 (c) For the purpose of securing one or more issues of its bonds, the
18 corporation [AUTHORITY] may establish one or more special funds, called "capital
19 reserve funds," and shall pay into those capital reserve funds the proceeds of the sale
20 of its bonds and any other money that is available to the corporation [AUTHORITY]
21 for the purposes of those funds. The funds shall be established only if the corporation
22 [AUTHORITY] determines that the establishment would enhance the marketability of
23 the bonds. All money held in a capital reserve fund, except as provided in this section,
24 shall be used as required solely for (1) the payment of the principal of and interest on
25 bonds or of the sinking fund payments with respect to those bonds, (2) the purchase or
26 redemption of bonds, or (3) the payment of a redemption premium required to be paid
27 when those bonds are redeemed before maturity. However, money in a fund may not
28 be withdrawn from the fund at any time in an amount that would reduce the amount of
29 the fund to less than the capital reserve requirement set out in (d) of this section,
30 except for the purpose of making, with respect to those bonds, payment, when due, of
31 principal, interest, redemption premiums, and the sinking fund payments for the

1 payment of which other money of the corporation [AUTHORITY] is not available.
2 Income or interest earned by or increment to a capital reserve fund due to the
3 investment of the fund or any other amounts in the fund may be transferred by the
4 corporation [AUTHORITY] to other funds or accounts of the corporation
5 [AUTHORITY] to the extent that the transfer does not reduce the amount of the
6 capital reserve fund below the capital reserve fund requirement.

7 * **Sec. 19.** AS 19.75.221(d) is amended to read:

8 (d) If the corporation [AUTHORITY] decides to issue bonds secured by a
9 capital reserve fund, the bonds may not be issued if the amount in the capital reserve
10 fund is less than the amount of the capital reserve fund requirement, if any, established
11 by resolution of the corporation [AUTHORITY], unless the corporation
12 [AUTHORITY], at the time of issuance of the obligations, deposits in the capital
13 reserve fund from the proceeds of the obligations to be issued or from other sources an
14 amount that, together with the amount then in the fund, will not be less than the capital
15 reserve fund requirement.

16 * **Sec. 20.** AS 19.75.221(f) is amended to read:

17 (f) If the corporation [AUTHORITY] decides to issue bonds secured by a
18 capital reserve fund, the bonds may not be issued until 30 days after the corporation
19 [AUTHORITY] has mailed notification to the state bond committee and the
20 Legislative Budget and Audit Committee by certified mail of its intention to establish
21 a capital reserve fund to secure the bond issue. The notification must include the
22 amount of the capital reserve fund to be established, the amount of bonds proposed to
23 be issued, and the total cost for which the bonds are to be issued. The notification shall
24 be accompanied by an estimate by the corporation [AUTHORITY] of the need to
25 withdraw money from the capital reserve fund during the term of the bond issue, the
26 amount that may be necessary to withdraw, and the time at which withdrawals are
27 estimated to be needed. By January 30 of each year, the corporation [AUTHORITY]
28 shall prepare, and provide to the state bond committee and the Legislative Budget and
29 Audit Committee, a revised estimate, considering the same factors, and a statement of
30 all withdrawals that have occurred from the date of issuance of the bonds to the end of
31 the preceding calendar year."

1

2 Renumber the following bill sections accordingly.

3

4 Page 2, line 25:

5 Delete "authority"

6 Insert "corporation [AUTHORITY]"

7

8 Page 2, line 28:

9 Delete "authority"

10 Insert "corporation [AUTHORITY]"

11

12 Page 2, line 29:

13 Delete "authority."

14 Insert "corporation."

15

16 Page 2, line 31:

17 Delete "authority"

18 Insert "corporation"

19

20 Page 3, line 2:

21 Delete "authority"

22 Insert "corporation"

23

24 Page 3, line 5:

25 Delete "authority"

26 Insert "corporation"

27

28 Page 3, line 6:

29 Delete "sources."

30 Insert "sources [AUTHORITY]."

31

1 Page 3, line 11:

2 Delete "authority"

3 Insert "corporation"

4

5 Page 3, line 13:

6 Delete "authority"

7 Insert "corporation"

8

9 Page 3, line 14:

10 Delete "authority's"

11 Insert "corporation's"

12

13 Page 3, line 15:

14 Delete "authority's"

15 Insert "corporation's"

16

17 Page 3, line 19:

18 Delete "authority"

19 Insert "corporation"

20

21 Page 3, line 29:

22 Delete "authority" in both places

23 Insert "corporation" in both places

24

25 Page 4, line 2:

26 Delete "authority"

27 Insert "corporation"

28

29 Page 4, line 8:

30 Delete "authority"

31 Insert "corporation"

1

2 Page 4, line 11:

3 Delete "authority"

4 Insert "corporation"

5

6 Page 4, line 15:

7 Delete "authority"

8 Insert "corporation"

9

10 Page 4, following line 16:

11 Insert new bill sections to read:

12 **** Sec. 23.** AS 19.75.231 is amended to read:

13 **Sec. 19.75.231. Validity of pledge.** It is the intention of the legislature that a
14 pledge made in respect of bonds shall be perfected and shall be valid and binding from
15 the time the pledge is made, that the money or property so pledged and after that
16 received by the corporation [AUTHORITY] shall immediately be subject to the lien
17 of the pledge without physical delivery or further act, and that the lien of the pledge
18 shall be valid and binding against all parties having claims of any kind in tort,
19 contract, or otherwise against the corporation [AUTHORITY] irrespective of whether
20 the parties have notice. Neither the resolution, trust agreement, nor any other
21 instrument by which a pledge is created need be recorded or filed under the provisions
22 of the Uniform Commercial Code in order to be perfected or to be valid, binding, or
23 effective against the parties. This section does not affect title to or conveyances of real
24 property, and does not limit the applicability of AS 40.17.080(b).

25 *** Sec. 24.** AS 19.75.241 is amended to read:

26 **Sec. 19.75.241. Nonliability on bonds.** (a) Neither the members of the board
27 nor a person executing the bonds of the corporation [AUTHORITY] is liable
28 personally on the bonds or is subject to personal liability or accountability by reason
29 of the issuance of the bonds.

30 (b) The bonds issued by the corporation [AUTHORITY] do not constitute an
31 indebtedness or other liability of the state or of a political subdivision of the state other

1 than the corporation [AUTHORITY], but shall be payable solely from the income,
2 receipts, or other money or property of the corporation [AUTHORITY]. All
3 documents published by the corporation [AUTHORITY] or to which the
4 corporation [AUTHORITY] is a signatory and used in or for the issuance of bonds by
5 the corporation [AUTHORITY] must state that they are prepared by or for the
6 corporation [AUTHORITY].

7 (c) The corporation [AUTHORITY] may not pledge the faith or credit of the
8 state or of a political subdivision of the state other than the corporation
9 [AUTHORITY], and the issuance of a bond by the corporation [AUTHORITY] does
10 not directly, indirectly, or contingently obligate the state or a political subdivision of
11 the state to apply money from, levy, or pledge any form of taxation to the payment of
12 the bond or to make payments due on the bonds from any source of funds not pledged
13 for repayment of the bonds.

14 (d) Each obligation issued under this chapter other than a state guaranteed
15 bond shall contain on its face a statement that the corporation [AUTHORITY] is not
16 obligated to pay it nor the interest on it except from the revenue or assets of the
17 corporation [AUTHORITY] and that neither the faith and credit nor the taxing power
18 of the state or of any political subdivision of the state is pledged to the payment of the
19 principal of or the interest on the obligation.

20 * **Sec. 25.** AS 19.75.251 is amended to read:

21 **Sec. 19.75.251. Pledge of the state.** The state pledges to and agrees with the
22 holders of bonds issued under this chapter and with a federal agency that loans or
23 contributes money in respect to the Knik Arm bridge that the state will not limit or
24 alter the rights and powers vested in the corporation [AUTHORITY] under this
25 chapter to fulfill the terms of a contract made by the corporation [AUTHORITY]
26 with the holders or federal agency or in any way impair the rights and remedies of the
27 holders until the bonds, together with the interest on them, with interest on unpaid
28 installments of interest, and all costs and expenses in connection with an action or
29 proceeding by or on behalf of the holders, are fully met and discharged. The
30 corporation [AUTHORITY] may include this pledge and agreement of the state,
31 insofar as it refers to holders of bonds of the corporation [AUTHORITY], in a

1 contract with the holders and, insofar as it relates to a federal agency, in a contract
2 with the federal agency."
3

4 Renumber the following bill sections accordingly.
5

6 Page 4, line 19:

7 Delete "authority"

8 Insert "**corporation** [AUTHORITY]"
9
10

11 Page 4, line 28:

12 Delete "**authority**"

13 Insert "**corporation**"
14

15 Page 4, line 30:

16 Delete "authority"

17 Insert "**corporation** [AUTHORITY]"
18

19 Page 5, following line 11:

20 Insert new bill sections to read:

21 "** Sec. 27. AS 19.75.271 is amended to read:

22 **Sec. 19.75.271. Bonds legal investments for fiduciaries.** The bonds of the
23 **corporation** [AUTHORITY] are securities in which all public officers and bodies of
24 the state and all municipalities and municipal subdivisions, all insurance companies
25 and associations and other persons carrying on an insurance business, all banks,
26 bankers, trust companies, savings banks, savings associations, including savings and
27 loan associations and building and loan associations, investment companies, and other
28 persons carrying on banking business, all administrators, guardians, executors,
29 trustees, and other fiduciaries, and other persons who are now or may afterward be
30 authorized to invest in bonds or other obligations of the state may properly and legally
31 invest money, including capital in their control or belonging to them. Notwithstanding

1 any other provision of law, the bonds of the corporation [AUTHORITY] are also
2 securities that may be deposited with and may be received by all public officers and
3 bodies of the state and all municipalities and municipal subdivisions for any purpose
4 for which the deposit of bonds or other obligations of the state is now or may
5 afterward be authorized.

6 * **Sec. 28.** AS 19.75.281 is amended to read:

7 **Sec. 19.75.281. Audit.** The legislative auditor annually shall audit, or cause to
8 have audited, the financial records of the corporation [AUTHORITY]. The legislative
9 auditor may prescribe the form and content of the financial records of the corporation
10 [AUTHORITY] and shall have access to these records at any reasonable time.

11 * **Sec. 29.** AS 19.75.301 is amended to read:

12 **Sec. 19.75.301. Insurance.** The corporation [AUTHORITY] shall keep in
13 force public liability insurance in an amount reasonably calculated to cover potential
14 claims for bodily injury, death or disability, and property damage that may arise from
15 or be related to its operation and activities, naming the state as an additional insured.

16 * **Sec. 30.** AS 19.75.311 is amended to read:

17 **Sec. 19.75.311. Safeguarding of money.** The corporation [AUTHORITY]
18 shall maximize revenue from and deposit all money in depositories acceptable to the
19 commissioner of revenue and otherwise safeguard the money under instructions as the
20 commissioner of revenue may from time to time issue.

21 * **Sec. 31.** AS 19.75.321 is amended to read:

22 **Sec. 19.75.321. Fidelity bond.** The corporation [AUTHORITY] shall obtain
23 a fidelity bond in an amount determined by the board, for the members of the board
24 and any official responsible for corporation [AUTHORITY] accounts and finances. A
25 bond must be in effect for the tenure of the bonded person.

26 * **Sec. 32.** AS 19.75.330(a) is amended to read:

27 (a) The bonds of the corporation [AUTHORITY] mature at the time fixed by
28 the board. The bonds may be subject to redemption before their fixed maturities as
29 determined by the board, or by the corporation's [AUTHORITY'S] executive director
30 when delegated that responsibility under AS 19.75.332, and with the premium fixed
31 by the board, but a bond may not be subject to redemption before its fixed maturity

1 date unless the right to redeem that bond is expressly mentioned on the face of the
2 bond. The bonds

3 (1) may be in denominations determined by the board;

4 (2) may be issued in coupon form or in fully registered form, and may
5 be registrable as to principal or both principal and interest, all under regulations and
6 conditions the board provides;

7 (3) are payable as to principal and interest at the place determined by
8 the board;

9 (4) shall be signed on behalf of the corporation [AUTHORITY] as the
10 board may direct; the signatures may be facsimile signatures; each of the interest
11 coupons, if any, attached to the bonds shall be signed by the facsimile signatures of the
12 officials as the board may direct;

13 (5) shall have the seal of the corporation [AUTHORITY] impressed,
14 printed, or lithographed on them; and

15 (6) shall be issued under and subject to the terms, conditions, and
16 covenants, providing for the payment of the principal of and interest on the bonds and
17 the other terms, conditions, covenants, and protective features safeguarding this
18 payment and relating to the operations, maintenance, or capital improvements as found
19 necessary by the board, which covenants may include a provision requiring the setting
20 aside and maintenance of certain reserves to secure the payment of the principal and
21 interest or for operations, maintenance, or capital improvements.

22 * **Sec. 33.** AS 19.75.330(c) is amended to read:

23 (c) In determining the matters and questions relating to the issuance and sale
24 of the bonds and the fixing of the maturities, terms, conditions, covenants, and other
25 subjects of the bonds as provided in (a) and (b) of this section, the decisions of the
26 board shall be those found to be reasonably necessary for the best interests of the
27 corporation [AUTHORITY] and the construction, operation, and maintenance of its
28 facilities, and those that will accomplish the most advantageous sale of the bonds,
29 giving due regard to (1) necessary or normal costs of maintenance and operation; (2)
30 renewals and replacements of and repairs to the toll facilities; (3) all improvements to
31 toll facilities and property of toll facilities owned, used, operated, or leased in

1 connection with toll facilities; (4) the future growth and expansion of all of the
2 facilities; and (5) the possibility of additional revenue bond financing for toll facilities
3 purposes. A decision of the board as expressed in any bond resolution is final when
4 any bonds have been issued under the bond resolution.

5 * **Sec. 34.** AS 19.75.332 is amended to read:

6 **Sec. 19.75.332. Bond resolution.** (a) When issuing bonds of the corporation
7 [AUTHORITY], the board shall adopt the bond resolution and approve all other
8 documents and proceedings necessary for the issuance, sale, and delivery of the bonds
9 or any part or series of them. The bond resolution shall fix the aggregate principal
10 amount and denomination, date, maturities, place or places of payment, rights of
11 redemption, if any, terms, form, conditions, and covenants of the bonds or each series
12 of them. The board shall also determine and provide for the date and manner of sale of
13 the bonds, and shall provide where the notice of sale, if any, is to be published.

14 (b) The board may delegate to the corporation's [AUTHORITY'S] executive
15 director the authority to approve final principal maturities and dates, interest rates,
16 redemption rights, and interest payment dates under the terms and conditions the board
17 determines by resolution.

18 * **Sec. 35.** AS 19.75.338(a) is amended to read:

19 (a) The bonds or any part of them may be refunded at or before their maturity
20 by the issuance of refunding revenue bonds of the corporation [AUTHORITY] if, in
21 the opinion of the board, refunding is advantageous to and in the best interest of the
22 corporation [AUTHORITY].

23 * **Sec. 36.** AS 19.75.340 is amended to read:

24 **Sec. 19.75.340. Bonds as legal investments.** Bonds of the corporation
25 [AUTHORITY], including toll facilities bonds, are legal investments for all banks,
26 trust companies, savings banks, savings and loan associations, and other persons
27 carrying on a banking business, all insurance companies and other persons carrying on
28 an insurance business, and all executors, administrators, trustees, and other fiduciaries.
29 The bonds may be accepted as security for deposits of all money of the state and its
30 political subdivisions."
31

1 Renumber the following bill section accordingly.

2

3 Page 5, line 13:

4 Delete "Arm"

5 Delete "Arm"

6

7 Page 5, line 24:

8 Delete "authority"

9 Insert "corporation"

10

11 Page 5, line 25:

12 Delete "authority"

13 Insert "corporation"

14

15 Page 5, line 26:

16 Delete "authority"

17 Insert "corporation"

18

19 Page 5, line 27:

20 Delete "Arm"

21

22 Page 5, line 29:

23 Delete "authority" in both places

24 Insert "corporation" in both places

25

26 Page 5, following line 30:

27 Insert new bill sections to read:

28 **** Sec. 38.** AS 19.75.911 is amended to read:

29 **Sec. 19.75.911. Exemption from local regulation.** Notwithstanding any
30 contrary provision of law, the activities of the corporation [AUTHORITY] are
31 exempt from land use planning, zoning, permitting, or other similar governmental

1 powers of political subdivisions of the state.

2 * **Sec. 39.** AS 19.75.915 is amended to read:

3 **Sec. 19.75.915. Liability for payment of tolls.** The owner of a vehicle using a
4 facility owned, controlled, or managed by the corporation [AUTHORITY] for which
5 a toll or fee is imposed is liable for the payment of the toll or fee solely because of the
6 vehicle ownership, unless the vehicle, except a rental vehicle, is used without the
7 owner's knowledge and incurs the toll or fee during operation.

8 * **Sec. 40.** AS 19.75.980(2) is amended to read:

9 (2) "board" means the board of directors of the corporation
10 [AUTHORITY];

11 * **Sec. 41.** AS 19.75.980(3) is amended to read:

12 (3) "department" means the Department of Revenue
13 [TRANSPORTATION AND PUBLIC FACILITIES];

14 * **Sec. 42.** AS 19.75.980 is amended by adding a new paragraph to read:

15 (5) "corporation" means the Knik Crossing Development Corporation.

16 * **Sec. 43.** AS 36.30.015(f) is amended to read:

17 (f) The board of directors of the Alaska Housing Finance Corporation,
18 notwithstanding AS 18.56.088, the membership of the Alaska Industrial Development
19 and Export Authority, notwithstanding AS 44.88.085, and the board of directors of the
20 Knik Crossing Development Corporation [KNIK ARM BRIDGE AND TOLL
21 AUTHORITY] under AS 19.75.111, shall adopt regulations under AS 44.62
22 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement
23 Management Board shall adopt regulations under AS 37.10.240, to govern the
24 procurement of supplies, services, professional services, and construction for the
25 respective public corporation and board. The regulations must reflect competitive
26 bidding principles and provide vendors reasonable and equitable opportunities to
27 participate in the procurement process and must include procurement methods to meet
28 emergency and extraordinary circumstances. Notwithstanding the other provisions of
29 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
30 Development and Export Authority, the Knik Crossing Development Corporation
31 [KNIK ARM BRIDGE AND TOLL AUTHORITY], and the Alaska Retirement

1 Management Board shall comply with AS 36.30.170(b).

2 * **Sec. 44.** AS 39.25.110(39) is amended to read:

3 (39) the executive director and employees of the **Knik Crossing**
4 **Development Corporation** [KNIK ARM BRIDGE AND TOLL AUTHORITY]
5 under AS 19.75.051 and 19.75.061;

6 * **Sec. 45.** AS 39.50.200(b)(60) is amended to read:

7 (60) the board of directors of the **Knik Crossing Development**
8 **Corporation** [KNIK ARM BRIDGE AND TOLL AUTHORITY] (AS 19.75.031 and
9 19.75.041);

10 * **Sec. 46.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,
13 indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants,
14 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and
15 intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik
16 Crossing Development Corporation.

17 (b) For one year following the effective date of this Act, the members of the board of
18 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of
19 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
20 Crossing Development Corporation. While serving as a nonvoting advisory board under this
21 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
22 shall serve without compensation but are entitled to per diem and travel expenses authorized
23 for boards and commissions under AS 39.20.180."

AMENDMENT #1

OFFERED IN THE HOUSE

TO: Amendment O.30 to CSHB 23(FIN)

1 Page 1, line 11, of the amendment:

2 Delete "board shall be the"

3

4 Page 1, line 12, of the amendment, following "Corporation":

5 Insert "shall consist of the members of the board of the corporation"

6

7 Page 2, line 1, of the amendment:

8 Delete "to"

9

10 Page 2, line 27, of the amendment:

11 Delete "department,"

12 Insert "Department of Transportation and Public Facilities"

13

14 Page 5, lines 6 - 7, of the amendment:

15 Delete "the property of"

16 Insert "accounted for separately and may be appropriated to"

17

18 Page 5, line 15, through page 6, line 2, of the amendment:

19 Delete all material and insert:

20 "(e) Money in a reserve fund established under (d) of this section

21 (1) shall be used only for

22 (A) the payment of monetary obligations, liabilities, and

23 indebtedness of the Knik Crossing Development Corporation, including

1 termination payment obligations, under agreements for the financing, design,
2 construction, maintenance, improvement, or operation of facilities, properties,
3 or projects of the Knik Crossing Development Corporation; and

4 (B) planning, permitting, design, acquisition, construction,
5 maintenance, improvement, or operation of transportation-related projects,
6 facilities, properties, systems, or equipment of the Knik Crossing Development
7 Corporation or other public entities, including expansions, extensions, and
8 capacity improvements, eligible under applicable federal and state law to be
9 funded from toll revenue;

10 (2) may not be used for the purpose of planning, permitting, design,
11 acquisition, construction, maintenance, improvement, or operation of projects,
12 facilities, properties, systems, or equipment under (1)(B) of this subsection if the
13 withdrawal would reduce the amount in the reserve fund to less than the reserve fund
14 requirement.

15 (f) In computing the amount of a reserve fund established under (d) of this
16 section, securities in which all or a portion of the fund is invested shall be valued by a
17 reasonable method established by the Knik Crossing Development Corporation by
18 resolution or established by the terms of the agreement for which the fund serves as
19 security. Valuation must include the amount of interest earned or accrued as of the
20 date of the valuation."

21
22 Page 6, lines 6 - 11, of the amendment:

23 Delete "the availability payment reserve fund established under (e) of this section to
24 an amount sufficient to pay the Knik Crossing Development Corporation's next availability
25 payment. The legislature may appropriate to the Knik Crossing Development Corporation the
26 amount certified by the chair of the board that is needed to restore the reserve fund to the
27 amount needed for the next availability payment."

28 Insert "a reserve fund established under (d) of this section to the reserve fund
29 requirement. The duty of the chair of the board to report annually to the governor and the
30 legislature terminates upon the cumulative appropriation to the Knik Crossing Development
31 Corporation, after January 1, 2013, of \$1,140,000,000."

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Page 6, lines 13 - 17, of the amendment:

Delete all material.

Reletter the following subsection accordingly.

Page 6, line 18 of the amendment, following "section,":

Insert "(1)"

Page 6, line 22 of the amendment, following "security":

Insert "; and

(2) "reserve fund requirement" means the amount required to be on deposit in a reserve fund established under (d) of this section on the date of the computation, as determined by resolution of the Knik Crossing Development Corporation or by the terms of the agreement for which the fund serves as security"

Page 8, line 24, of the amendment, following "indebtedness,":

Insert "obligations, liabilities, commitments,"

Page 8, line 26, of the amendment, following "transferred to":

Insert "and may be assumed by"

Page 8, line 27, of the amendment, following "Corporation.":

Insert "Nothing in this section creates a liability or obligation of the Alaska Housing Finance Corporation."

Page 8, following line 27, of the amendment:

Insert a new subsection to read:

"(b) All procurements of the Knik Arm Bridge and Toll Authority that have not resulted in the award of a contract as of the effective date of this Act may be adopted and may continue as procurements of the Knik Crossing Development Corporation."

- 1
- 2 Reletter the following subsection accordingly.

AMENDMENT #2

OFFERED IN THE HOUSE
TO: CSHB 23(FIN)

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **** Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation.

13 *** Sec. 2.** AS 18.56 is amended by adding new sections to read:

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development
16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

1 Knik Crossing Development Corporation by the corporation under to AS 18.56.086(a),
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
5 or provided by the Knik Crossing Development Corporation; notwithstanding
6 AS 37.10.050(a), fees, rents, tolls, rates, and other charges fixed and collected under
7 this paragraph may exceed the actual operating cost of the use of the bridge, facility,
8 or service;

9 (2) pledge, encumber, transfer, or otherwise obligate revenue derived
10 by the Knik Crossing Development Corporation from the ownership, use, or operation
11 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
12 Crossing Development Corporation or money that the legislature may appropriate,
13 except a state tax or license, as security for bonds or other indebtedness or agreements
14 of the Knik Crossing Development Corporation;

15 (3) perform reconnaissance studies and engineering, survey, and
16 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

17 (4) exercise powers of eminent domain or file a declaration of taking
18 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
19 09.55.460 to acquire land or an interest in land; the Knik Crossing Development
20 Corporation's exercise of powers under this paragraph may not exceed the permissible
21 exercise of those powers by the state;

22 (5) confer with municipal and other governments, metropolitan
23 planning organizations, and the Department of Transportation and Public Facilities,
24 concerning the Knik Arm bridge.

25 (b) The Knik Crossing Development Corporation shall coordinate the exercise
26 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
27 with the department, ^{of Transportation & Public Facilities} and with the mayors of the Municipality of Anchorage and the
28 Matanuska-Susitna Borough.

29 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may
30 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
31 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its

①

1 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik
2 Crossing Development Corporation and bond premiums may not be included in the
3 aggregate amount, but may be in addition to the amount authorized under this section.

4 (b) In addition to the security that may be provided to bonds of the Knik
5 Crossing Development Corporation under the powers granted to the Knik Crossing
6 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
7 Corporation may pledge revenue derived by the Knik Crossing Development
8 Corporation from the ownership, use, and operation of its toll facilities, including
9 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
10 Crossing Development Corporation.

11 (c) The Knik Crossing Development Corporation may not issues bonds, or a
12 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
13 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
14 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
15 sale of the bonds, whichever is higher.

16 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
17 or other similar document under which the Knik Crossing Development Corporation
18 issues bonds, must contain an agreement by the Knik Crossing Development
19 Corporation that the Knik Crossing Development Corporation will at all times
20 maintain fees, rents, tolls, rates, or other charges sufficient to

21 (1) pay the costs of operation and maintenance of the Knik Arm bridge
22 and its appurtenant facilities and the principal of and interest on bonds issued under
23 the trust agreement as the bonds severally become due and payable;

24 (2) provide for debt service coverage as considered necessary by the
25 Knik Crossing Development Corporation for the marketing of its bonds; and

26 (3) provide for renewals, replacements, and improvements of the Knik
27 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
28 other similar document.

29 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
30 more issues of its bonds, the Knik Crossing Development Corporation may establish
31 one or more special funds, called "capital reserve funds," and shall pay into those

1 capital reserve funds the proceeds of the sale of its bonds and any other money that is
2 available to the Knik Crossing Development Corporation for the purposes of those
3 funds. The funds shall be established only if the Knik Crossing Development
4 Corporation determines that the establishment would enhance the marketability of the
5 bonds. All money held in a capital reserve fund, except as provided in this section,
6 shall be used as required solely for the payment of the principal of and interest on
7 bonds or of the sinking fund payments with respect to those bonds, the purchase or
8 redemption of bonds, or the payment of a redemption premium required to be paid
9 when those bonds are redeemed before maturity. However, money in a fund may not
10 be withdrawn from the fund at any time in an amount that would reduce the amount of
11 the fund to less than the capital reserve requirement set out in (b) of this section,
12 except for the purpose of making, with respect to those bonds, payment, when due, of
13 principal, interest, redemption premiums, and the sinking fund payments for the
14 payment of which other money of the Knik Crossing Development Corporation is not
15 available. Income or interest earned by or increment to a capital reserve fund due to
16 the investment of the fund or any other amounts in the fund may be transferred by the
17 Knik Crossing Development Corporation to other funds or accounts of the Knik
18 Crossing Development Corporation to the extent that the transfer does not reduce the
19 amount of the capital reserve fund below the capital reserve fund requirement.

20 (b) If the Knik Crossing Development Corporation decides to issue bonds
21 secured by a capital reserve fund, the bonds may not be issued if the amount in the
22 capital reserve fund is less than the amount of the capital reserve fund requirement, if
23 any, established by resolution of the Knik Crossing Development Corporation, unless
24 the Knik Crossing Development Corporation, at the time of issuance of the
25 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
26 be issued or from other sources an amount that, together with the amount then in the
27 fund, will not be less than the capital reserve fund requirement.

28 (c) In computing the amount of a capital reserve fund for the purpose of this
29 section, securities in which all or a portion of the fund is invested shall be valued by
30 some reasonable method established by the Knik Crossing Development Corporation
31 by resolution. Valuation on a particular date shall include the amount of any interest

1 earned or accrued to that date.

2 (d) Notwithstanding any other provision of law, the Knik Crossing
3 Development Corporation may establish other funds and reserves as the board of
4 directors may determine reasonable and prudent for the issuance of bonds or for the
5 conduct of the business and affairs of the Knik Crossing Development Corporation.

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6 ~~The interest earned on or profit derived from these funds and reserves shall be the~~
7 ~~property of the Knik Crossing Development Corporation.~~ Deposits made into the
8 reserve fund established under this section must include

9 (1) revenue derived by the Knik Crossing Development Corporation
10 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
11 rates, charges, or other revenue of the Knik Crossing Development Corporation;

12 (2) money that the legislature has appropriated for that purpose; and

13 (3) other money that may be made available to the Knik Crossing
14 Development Corporation from other sources.

15 (e) If the Knik Crossing Development Corporation executes a public-private
16 partnership agreement that includes financing by the private partner for the purpose of
17 securing the Knik Crossing Development Corporation's annual availability payment,
18 the Knik Crossing Development Corporation may establish a reserve fund, called the
19 "availability payment reserve fund," and shall pay into that reserve fund

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P. 0.34
P. 5 L. 13
P. 66.20



20 (1) revenue derived by the Knik Crossing Development Corporation
21 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
22 rates, charges, or other revenue of the Knik Crossing Development Corporation;

23 (2) money that the legislature has appropriated for that purpose; and

24 (3) other money that may be made available to the Knik Crossing
25 Development Corporation from other sources.

26 (f) All money held in the availability payment reserve fund shall be used
27 solely for the payment of annual availability payments the Knik Crossing
28 Development Corporation is obligated to make under a public-private partnership
29 agreement executed by the Knik Crossing Development Corporation. When the terms
30 of the Knik Crossing Development Corporation's public-private partnership agreement
31 expires, all future revenue derived by the Knik Crossing Development Corporation

1 shall be deposited into a new fund, to be established by the Knik Crossing
2 Development Corporation under (d) of this section.

3 (g) The chair of the Knik Crossing Development Corporation shall annually,
4 not later than January 30, certify in writing to the governor and the legislature the
5 amount, if any, required to restore the capital reserve fund established under (a) of this
6 section to the capital reserve fund requirement, or ~~the availability payment reserve~~^a
7 fund established under ~~(e)~~^d of this section to ~~an amount sufficient to pay the Knik~~^{the reserve fund requirement.}
8 ~~Crossing Development Corporation's next (availability payment).~~^{KEEP} The legislature may
9 ~~appropriate to the Knik Crossing Development Corporation the amount certified by~~
10 ~~the chair of the board that is needed to restore the reserve fund to the amount needed~~
11 ~~for the next availability payment.~~

12 ~~(h) Nothing in this section creates a debt or liability of the state~~) KEEP

13 ~~(i) The Knik Crossing Development Corporation shall maintain a record of the~~
14 ~~annual certifications made by the chair under (g) of this section. When the total~~
15 ~~amount certified by the chair of the Knik Crossing Development Corporation as~~
16 ~~necessary to restore the availability payment reserve fund totals \$1,140,000,000, the~~
17 ~~duty of the chair of the Knik Crossing Development Corporation to report terminates.~~

18 (i) In this section, "capital reserve fund requirement" means the amount
19 required to be on deposit in a reserve fund established under (a) of this section as of
20 the date of computation, as determined by resolution of the Knik Crossing
21 Development Corporation or by the terms of the agreement for which the fund serves
22 as security; and 2) (h) PVL 17-20

23 **Sec. 18.56.625. Exemption from taxation.** The real and personal property of
24 the Knik Crossing Development Corporation and its assets, income, and receipts are
25 declared to be the property of a political subdivision of the state and are exempt from
26 all taxes and special assessments of the state or a political subdivision of the state.
27 Notwithstanding any law to the contrary, rights and interests in real and personal
28 property, assets, income, and receipts, including concession, franchise, leasehold, or
29 other real or personal property rights and interests, held by a private person or
30 enterprise under a public-private partnership agreement entered into under this
31 chapter, except any rights and interests of the private person in property serving a

1 business, commercial, or other purpose not necessary to operate the facilities,
2 properties, or projects of the Knik Crossing Development Corporation, shall be
3 exempt from all ad valorem taxes on real or personal property and special property tax
4 assessments of the state or a political subdivision of the state. All bonds of the Knik
5 Crossing Development Corporation are declared to be issued by a political subdivision
6 of the state and for an essential public and governmental purpose. The bonds, the
7 interest on the bonds, the income from the bonds and the transfer of the bonds, and all
8 assets, income, and receipts pledged to pay or secure the payment of the bonds or
9 interest on the bonds are, at all times, exempt from taxation by or under the authority
10 of the state, except for inheritance and estate taxes and taxes on transfers by or in
11 contemplation of death. Nothing in this section affects or limits an exemption from
12 license fees, property taxes, or excise, income, or other taxes provided under any other
13 law.

14 **Sec. 18.56.630. Exemption from local regulation.** Notwithstanding any
15 contrary provision of law, the activities of the Knik Crossing Development
16 Corporation are exempt from land use planning, zoning, permitting, or other similar
17 governmental powers of political subdivisions of the state.

18 **Sec. 18.56.635. Liability for payment of tolls.** The owner of a vehicle using a
19 facility owned, controlled, or managed by the Knik Crossing Development
20 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
21 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
22 is used without the owner's knowledge and incurs the toll or fee during operation.

23 * **Sec. 3.** AS 36.30.015(f) is amended to read:

24 (f) The board of directors of the Alaska Housing Finance Corporation,
25 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial
26 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE
27 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL
28 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62
29 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement
30 Management Board shall adopt regulations under AS 37.10.240, to govern the
31 procurement of supplies, services, professional services, and construction for the

1 respective public corporation and board. The regulations must reflect competitive
 2 bidding principles and provide vendors reasonable and equitable opportunities to
 3 participate in the procurement process and must include procurement methods to meet
 4 emergency and extraordinary circumstances. Notwithstanding the other provisions of
 5 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
 6 Development and Export Authority, [THE KNIK ARM BRIDGE AND TOLL
 7 AUTHORITY,] and the Alaska Retirement Management Board shall comply with
 8 AS 36.30.170(b).

9 * **Sec. 4.** AS 36.30.850(b)(45) is amended to read:

10 (45) a subsidiary of the Alaska Housing Finance Corporation created
 11 under AS 18.56.086 for the purpose of planning, financing, or constructing in-state
 12 natural gas pipeline projects or for the purpose of aiding in the planning, financing, or
 13 constructing of in-state natural gas pipeline projects; or a subsidiary of the Alaska
 14 Housing Finance Corporation created under AS 18.56.086 for the purpose of
 15 constructing a bridge to span Knik Arm.

16 * **Sec. 5.** AS 19.75.011, 19.75.021, 19.75.031, 19.75.041, 19.75.051, 19.75.061, 19.75.071,
 17 19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,
 18 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
 19 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,
 20 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

21 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 22 read:

23 **TRANSITION.** (a) All rights, titles, interests, agreements, contracts, instruments,
 24 indebtedness, ^{obligations, liabilities, commitments} investments, leases, real and personal property, lines of credit, gifts, grants,
 25 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and
 26 intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik
 27 Crossing Development Corporation. [♦]

28 (b) For one year following the effective date of this Act, the members of the board of
 29 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of
 30 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
 31 Crossing Development Corporation. While serving as a nonvoting advisory board under this

1 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
2 shall serve without compensation but are entitled to per diem and travel expenses as provided
3 by the Alaska Housing Finance Corporation."

Annotated

KEY

- New provisions in Amendment #2
- Powers KABATA already has
- Powers granted to KABATA
- Under HB 23

28-LS0141\O.30
Martin
4/10/13

AMENDMENT #2

OFFERED IN THE HOUSE

TO: CSHB 23(FIN)

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **** Section 1. AS 18.56.086 is amended by adding a new subsection to read:**

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation.

13 *** Sec. 2. AS 18.56 is amended by adding new sections to read:**

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development
16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

Title change

*Establishes
KCDC*

AS 19.75.011

*AS 19.75.021
(6)*

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Knik Crossing Development Corporation by the corporation under ^{to} AS 18.56.086(a),
the Knik Crossing Development Corporation may

(1) fix and collect fees, rents, tolls, rates, or other charges for the use of
the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
or provided by the Knik Crossing Development Corporation; notwithstanding
AS 37.10.050(a), fees, rents, tolls, rates, and other charges fixed and collected under
this paragraph may exceed the actual operating cost of the use of the bridge, facility,
or service;

AS 19.75.111
(a)(10)

(2) pledge, encumber, transfer, or otherwise obligate revenue derived
by the Knik Crossing Development Corporation from the ownership, use, or operation
of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
Crossing Development Corporation or money that the legislature may appropriate,
except a state tax or license, as security for bonds or other indebtedness or agreements
of the Knik Crossing Development Corporation;

AS 19.75.111
(a)(12)

(3) perform reconnaissance studies and engineering, survey, and
design studies with respect to the Knik Arm bridge and its appurtenant facilities;

AS 19.75.111
(a)(17)

(4) exercise powers of eminent domain or file a declaration of taking
as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
09.55.460 to acquire land or an interest in land; the Knik Crossing Development
Corporation's exercise of powers under this paragraph may not exceed the permissible
exercise of those powers by the state;

AS 19.75.111
(a)(18)

(5) confer with municipal and other governments, metropolitan
planning organizations, and the Department of Transportation and Public Facilities,
concerning the Knik Arm bridge.

AS 19.75.111
(a)(19)

(b) The Knik Crossing Development Corporation shall coordinate the exercise
of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
with the ^{DOTPE} department, and with the mayors of the Municipality of Anchorage and the
Matanuska-Susitna Borough.

AS 19.75.111
(b) and
(b)(5)

Sec. 18.56.615. Bonds. (a) The Knik Crossing Development Corporation may
issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
issuance, in accordance with this chapter in order to build the Knik Arm bridge and its

HB 23 ("0")
Sec. 2.

1 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik
2 Crossing Development Corporation and bond premiums may not be included in the
3 aggregate amount, but may be in addition to the amount authorized under this section.

4 (b) In addition to the security that may be provided to bonds of the Knik
5 Crossing Development Corporation under the powers granted to the Knik Crossing
6 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
7 Corporation may pledge revenue derived by the Knik Crossing Development
8 Corporation from the ownership, use, and operation of its toll facilities, including
9 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
10 Crossing Development Corporation.

*Related to
AS 19.75.111
(a)(12)*

11 (c) The Knik Crossing Development Corporation may not issues bonds, or a
12 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
13 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
14 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
15 sale of the bonds, whichever is higher.

*Portion of
AS 19.75.211
(b)*

16 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
17 or other similar document under which the Knik Crossing Development Corporation
18 issues bonds, must contain an agreement by the Knik Crossing Development
19 Corporation that the Knik Crossing Development Corporation will at all times
20 maintain fees, rents, tolls, rates, or other charges sufficient to

*AS 19.75.221
(b)*

21 (1) pay the costs of operation and maintenance of the Knik Arm bridge
22 and its appurtenant facilities and the principal of and interest on bonds issued under
23 the trust agreement as the bonds severally become due and payable;

*AS 19.75.221
(b)(1)*

24 (2) provide for debt service coverage as considered necessary by the
25 Knik Crossing Development Corporation for the marketing of its bonds; and

*AS 19.75.221
(b)(2)*

26 (3) provide for renewals, replacements, and improvements of the Knik
27 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
28 other similar document.

*AS 19.75.221
(b)(3)*

29 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
30 more issues of its bonds, the Knik Crossing Development Corporation may establish
31 one or more special funds, called "capital reserve funds," and shall pay into those

*AS 1975.221
(c)*

1 capital reserve funds the proceeds of the sale of its bonds and any other money that is
 2 available to the Knik Crossing Development Corporation for the purposes of those
 3 funds. The funds shall be established only if the Knik Crossing Development
 4 Corporation determines that the establishment would enhance the marketability of the
 5 bonds. All money held in a capital reserve fund, except as provided in this section,
 6 shall be used as required solely for the payment of the principal of and interest on
 7 bonds or of the sinking fund payments with respect to those bonds, the purchase or
 8 redemption of bonds, or the payment of a redemption premium required to be paid
 9 when those bonds are redeemed before maturity. However, money in a fund may not
 10 be withdrawn from the fund at any time in an amount that would reduce the amount of
 11 the fund to less than the capital reserve requirement set out in (b) of this section,
 12 except for the purpose of making, with respect to those bonds, payment, when due, of
 13 principal, interest, redemption premiums, and the sinking fund payments for the
 14 payment of which other money of the Knik Crossing Development Corporation is not
 15 available. Income or interest earned by or increment to a capital reserve fund due to
 16 the investment of the fund or any other amounts in the fund may be transferred by the
 17 Knik Crossing Development Corporation to other funds or accounts of the Knik
 18 Crossing Development Corporation to the extent that the transfer does not reduce the
 19 amount of the capital reserve fund below the capital reserve fund requirement.

AS 19.75.221
(c) cont'd

20 (b) If the Knik Crossing Development Corporation decides to issue bonds
 21 secured by a capital reserve fund, the bonds may not be issued if the amount in the
 22 capital reserve fund is less than the amount of the capital reserve fund requirement, if
 23 any, established by resolution of the Knik Crossing Development Corporation, unless
 24 the Knik Crossing Development Corporation, at the time of issuance of the
 25 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
 26 be issued or from other sources an amount that, together with the amount then in the
 27 fund, will not be less than the capital reserve fund requirement.

AS 19.75.221
(d)

28 (c) In computing the amount of a capital reserve fund for the purpose of this
 29 section, securities in which all or a portion of the fund is invested shall be valued by
 30 some reasonable method established by the Knik Crossing Development Corporation
 31 by resolution. Valuation on a particular date shall include the amount of any interest

AS 19.75.221
(e)

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earned or accrued to that date.

(d) Notwithstanding any other provision of law, the Knik Crossing Development Corporation may establish other funds and reserves as the board of directors may determine reasonable and prudent for the issuance of bonds or for the conduct of the business and affairs of the Knik Crossing Development Corporation. ~~The interest earned on or profit derived from these funds and reserves shall be the property of the Knik Crossing Development Corporation.~~ Deposits made into the reserve fund established under this section must include

AS 19.75.221
(h)

Added by
HB 23
version "0"
Sec. 4

- (1) revenue derived by the Knik Crossing Development Corporation from the ownership, use, or operation of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik Crossing Development Corporation;
- (2) money that the legislature has appropriated for that purpose; and
- (3) other money that may be made available to the Knik Crossing Development Corporation from other sources.

(e) If the Knik Crossing Development Corporation executes a public-private partnership agreement that includes financing by the private partner for the purpose of securing the Knik Crossing Development Corporation's annual availability payment, the Knik Crossing Development Corporation may establish a reserve fund, called the "availability payment reserve fund," and shall pay into that reserve fund

Establishing
"availability
payment
reserve fund"

- (1) revenue derived by the Knik Crossing Development Corporation from the ownership, use, or operation of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik Crossing Development Corporation;
- (2) money that the legislature has appropriated for that purpose; and
- (3) other money that may be made available to the Knik Crossing Development Corporation from other sources.

Almost identical
language to (d)
above

(f) All money held in the availability payment reserve fund shall be used solely for the payment of annual availability payments the Knik Crossing Development Corporation is obligated to make under a public-private partnership agreement executed by the Knik Crossing Development Corporation. When the terms of the Knik Crossing Development Corporation's public-private partnership agreement expires, all future revenue derived by the Knik Crossing Development Corporation

Availability
payment reserve
fund to be
used to make
availability
payments.

Future revenue
to be deposited
into a new fund
(once availability
payments are
complete).

1 shall be deposited into a new fund, to be established by the Knik Crossing
2 Development Corporation under (d) of this section.

3 (g) The chair of the Knik Crossing Development Corporation shall annually,
4 not later than January 30, certify in writing to the governor and the legislature the
5 amount, if any, required to restore the capital reserve fund established under (a) of this
6 section to the capital reserve fund requirement, or the availability payment reserve
7 fund established under (e) of this section to an amount sufficient to pay the Knik
8 Crossing Development Corporation's next availability payment. The legislature may
9 appropriate to the Knik Crossing Development Corporation the amount certified by
10 the chair of the board that is needed to restore the reserve fund to the amount needed
11 for the next availability payment.

12 (h) Nothing in this section creates a debt or liability of the state.

13 (i) The Knik Crossing Development Corporation shall maintain a record of the
14 annual certifications made by the chair under (g) of this section. When the total
15 amount certified by the chair of the Knik Crossing Development Corporation as
16 necessary to restore the availability payment reserve fund totals \$1,140,000,000, the
17 duty of the chair of the Knik Crossing Development Corporation to report terminates.

18 (j) In this section, "capital reserve fund requirement" means the amount
19 required to be on deposit in a reserve fund established under (a) of this section as of
20 the date of computation, as determined by resolution of the Knik Crossing
21 Development Corporation or by the terms of the agreement for which the fund serves
22 as security.

23 Sec. 18.56.625. Exemption from taxation. The real and personal property of
24 the Knik Crossing Development Corporation and its assets, income, and receipts are
25 declared to be the property of a political subdivision of the state and are exempt from
26 all taxes and special assessments of the state or a political subdivision of the state.
27 Notwithstanding any law to the contrary, rights and interests in real and personal
28 property, assets, income, and receipts, including concession, franchise, leasehold, or
29 other real or personal property rights and interests, held by a private person or
30 enterprise under a public-private partnership agreement entered into under this
31 chapter, except any rights and interests of the private person in property serving a

Reporting requirement as in HB 23 version "0" p. 4, lines 5-12.

\$1.14 billion moral obligation cap (as in HB 23 version "0", p. 4, lines 5-12)

Defines "capital reserve fund requirement;" new provision.

AS 19.75.261

Added by HB 23 version "0" Sec. 6

1 business, commercial, or other purpose not necessary to operate the facilities,
2 properties, or projects of the Knik Crossing Development Corporation, shall be
3 exempt from all ad valorem taxes on real or personal property and special property tax
4 assessments of the state or a political subdivision of the state. All bonds of the Knik
5 Crossing Development Corporation are declared to be issued by a political subdivision
6 of the state and for an essential public and governmental purpose. The bonds, the
7 interest on the bonds, the income from the bonds and the transfer of the bonds, and all
8 assets, income, and receipts pledged to pay or secure the payment of the bonds or
9 interest on the bonds are, at all times, exempt from taxation by or under the authority
10 of the state, except for inheritance and estate taxes and taxes on transfers by or in
11 contemplation of death. Nothing in this section affects or limits an exemption from
12 license fees, property taxes, or excise, income, or other taxes provided under any other
13 law.

AS 19.75.261
(cont'd)

14 **Sec. 18.56.630. Exemption from local regulation.** Notwithstanding any
15 contrary provision of law, the activities of the Knik Crossing Development
16 Corporation are exempt from land use planning, zoning, permitting, or other similar
17 governmental powers of political subdivisions of the state.

AS 19.75.911

18 **Sec. 18.56.635. Liability for payment of tolls.** The owner of a vehicle using a
19 facility owned, controlled, or managed by the Knik Crossing Development
20 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
21 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
22 is used without the owner's knowledge and incurs the toll or fee during operation.

AS 19.75.915

23 * **Sec. 3.** AS 36.30.015(f) is amended to read:

24 (f) The board of directors of the Alaska Housing Finance Corporation,
25 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial
26 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE
27 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL
28 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62
29 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement
30 Management Board shall adopt regulations under AS 37.10.240, to govern the
31 procurement of supplies, services, professional services, and construction for the

Confirming;
removes
reference to
KABATA
from State
Procurement
Code

1 respective public corporation and board. The regulations must reflect competitive
2 bidding principles and provide vendors reasonable and equitable opportunities to
3 participate in the procurement process and must include procurement methods to meet
4 emergency and extraordinary circumstances. Notwithstanding the other provisions of
5 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
6 Development and Export Authority, [THE KNIK ARM BRIDGE AND TOLL
7 AUTHORITY,] and the Alaska Retirement Management Board shall comply with
8 AS 36.30.170(b).

9 * Sec. 4. AS 36.30.850(b)(45) is amended to read:

10 (45) a subsidiary of the Alaska Housing Finance Corporation created
11 under AS 18.56.086 for the purpose of planning, financing, or constructing in-state
12 natural gas pipeline projects or for the purpose of aiding in the planning, financing, or
13 constructing of in-state natural gas pipeline projects; or a subsidiary of the Alaska
14 Housing Finance Corporation created under AS 18.56.086 for the purpose of
15 constructing a bridge to span Knik Arm.

*Conforming;
Adds KCDC
to state
Procurement Code
exceptions*

16 * Sec. 5. AS 19.75.011, 19.75.021, 19.75.031, 19.75.041, 19.75.051, 19.75.061, 19.75.071,
17 19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,
18 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
19 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,
20 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

*Repeal of
KABATA
enabling
statutes*

21 * Sec. 6. The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

TRANSITION:

23 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,
24 indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants,
25 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and
26 intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik
27 Crossing Development Corporation.

*Transfer of
KABATA assets,
etc. to KCDC*

28 (b) For one year following the effective date of this Act, the members of the board of
29 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of
30 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
31 Crossing Development Corporation. While serving as a nonvoting advisory board under this

*KABATA board
to serve in
advisory
capacity to
KCDC board
for one year.*

1 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
2 shall serve without compensation but are entitled to per diem and travel expenses as provided
3 by the Alaska Housing Finance Corporation."

AMENDMENT #2

Changes

OFFERED IN THE HOUSE
TO: CSHB 23(FIN)

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **** Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation."

13 *** Sec. 2.** AS 18.56 is amended by adding new sections to read:

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development
16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

1 Knik Crossing Development Corporation by the corporation under to AS 18.56.086(a),
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
5 or provided by the authority; notwithstanding AS 37.10.050(a), fees, rents, tolls, rates,
6 and other charges fixed and collected under this paragraph may exceed the actual
7 operating cost of the use of the bridge, facility, or service;

8 (2) pledge, encumber, transfer, or otherwise obligate revenue derived
9 by the Knik Crossing Development Corporation from the ownership, use, or operation
10 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
11 Crossing Development Corporation or money that the legislature may appropriate,
12 except a state tax or license, as security for bonds or other indebtedness or agreements
13 of the Knik Crossing Development Corporation;

14 (3) perform reconnaissance studies and engineering, survey, and
15 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

16 (4) exercise powers of eminent domain or file a declaration of taking
17 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
18 09.55.460 to acquire land or an interest in land; the Knik Crossing Development
19 Corporation's exercise of powers under this paragraph may not exceed the permissible
20 exercise of those powers by the state;

21 (5) confer with municipal and other governments, metropolitan
22 planning organizations, and the Department of Transportation and Public Facilities,
23 concerning the Knik Arm bridge.

24 (b) The Knik Crossing Development Corporation shall coordinate the exercise
25 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
26 with the department, and with the mayors of the Municipality of Anchorage and the
27 Matanuska-Susitna Borough.

28 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may
29 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
30 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its
31 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik

1 Crossing Development Corporation and bond premiums may not be included in the
2 aggregate amount, but may be in addition to the amount authorized under this section.

3 (b) In addition to the security that may be provided to bonds of the Knik
4 Crossing Development Corporation under the powers granted to the Knik Crossing
5 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
6 Corporation may pledge revenue derived by the Knik Crossing Development
7 Corporation from the ownership, use, and operation of its toll facilities, including
8 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
9 Crossing Development Corporation.

10 (c) The Knik Crossing Development Corporation may not issues bonds, or a
11 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
12 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
13 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
14 sale of the bonds, whichever is higher.

15 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
16 or other similar document under which the Knik Crossing Development Corporation
17 issues bonds, must contain an agreement by the Knik Crossing Development
18 Corporation that the Knik Crossing Development Corporation will at all times
19 maintain fees, rents, tolls, rates, or other charges sufficient to

20 (1) pay the costs of operation and maintenance of the Knik Arm bridge
21 and its appurtenant facilities and the principal of and interest on bonds issued under
22 the trust agreement as the bonds severally become due and payable;

23 (2) provide for debt service coverage as considered necessary by the
24 Knik Crossing Development Corporation for the marketing of its bonds; and

25 (3) provide for renewals, replacements, and improvements of the Knik
26 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
27 other similar document.

28 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
29 more issues of its bonds, the Knik Crossing Development Corporation may establish
30 one or more special funds, called "capital reserve funds," and shall pay into those
31 capital reserve funds the proceeds of the sale of its bonds and any other money that is

Not possible? says who?

1 available to the Knik Crossing Development Corporation for the purposes of those
2 funds. The funds shall be established only if the Knik Crossing Development
3 Corporation determines that the establishment would enhance the marketability of the
4 bonds. All money held in a capital reserve fund, except as provided in this section,
5 shall be used as required solely for (1) the payment of the principal of and interest on
6 bonds or of the sinking fund payments with respect to those bonds, (2) the purchase or
7 redemption of bonds, or (3) the payment of a redemption premium required to be paid
8 when those bonds are redeemed before maturity. However, money in a fund may not
9 be withdrawn from the fund at any time in an amount that would reduce the amount of
10 the fund to less than the capital reserve requirement set out in (b) of this section,
11 except for the purpose of making, with respect to those bonds, payment, when due, of
12 principal, interest, redemption premiums, and the sinking fund payments for the
13 payment of which other money of the Knik Crossing Development Corporation is not
14 available. Income or interest earned by or increment to a capital reserve fund due to
15 the investment of the fund or any other amounts in the fund may be transferred by the
16 Knik Crossing Development Corporation to other funds or accounts of the Knik
17 Crossing Development Corporation to the extent that the transfer does not reduce the
18 amount of the capital reserve fund below the capital reserve fund requirement.

19 (b) If the Knik Crossing Development Corporation decides to issue bonds
20 secured by a capital reserve fund, the bonds may not be issued if the amount in the
21 capital reserve fund is less than the amount of the capital reserve fund requirement, if
22 any, established by resolution of the Knik Crossing Development Corporation, unless
23 the Knik Crossing Development Corporation, at the time of issuance of the
24 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
25 be issued or from other sources an amount that, together with the amount then in the
26 fund, will not be less than the capital reserve fund requirement.

27 (c) In computing the amount of a capital reserve fund for the purpose of this
28 section, securities in which all or a portion of the fund is invested shall be valued by
29 some reasonable method established by the Knik Crossing Development Corporation
30 by resolution. Valuation on a particular date shall include the amount of any interest
31 earned or accrued to that date.

1 (d) Notwithstanding any other provision of law, the Knik Crossing
2 Development Corporation may establish other funds and reserves as the board of
3 directors may determine reasonable and prudent for the issuance of bonds or for the
4 conduct of the business and affairs of the Knik Crossing Development Corporation.
5 The interest earned on or profit derived from these funds and reserves shall be the
6 property of the Knik Crossing Development Corporation. Deposits made into the
7 reserve fund established under this section must include

8 (1) revenue derived by the Knik Crossing Development Corporation
9 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
10 rates, charges, or other revenue of the Knik Crossing Development Corporation;

11 (2) money that the legislature has appropriated for that purpose; and

12 (3) other money that may be made available to the Knik Crossing
13 Development Corporation from other sources.

14 (e) If the Knik Crossing Development Corporation executes a public-private
15 partnership agreement that includes financing by the private partner for the purpose of
16 securing the Knik Crossing Development Corporation's annual availability payment,
17 the Knik Crossing Development Corporation may establish a reserve fund, called the
18 "availability payment reserve fund," and shall pay into that reserve fund

19 (1) revenue derived by the Knik Crossing Development Corporation
20 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
21 rates, charges, or other revenue of the Knik Crossing Development Corporation;

22 (2) money that the legislature has appropriated for that purpose; and

23 (3) other money that may be made available to the Knik Crossing
24 Development Corporation from other sources.

25 (f) All money held in the availability payment reserve fund shall be used
26 solely for the payment of annual availability payments the Knik Crossing
27 Development Corporation is obligated to make under a public-private partnership
28 agreement executed by the Knik Crossing Development Corporation. When the terms
29 of the Knik Crossing Development Corporation's public-private partnership agreement
30 expires, all future revenue derived by the Knik Crossing Development Corporation
31 shall be deposited into a new fund, to be established by the Knik Crossing

1 Development Corporation under (d) of this section.

2 (g) The chair of the Knik Crossing Development Corporation shall annually,
3 not later than January 30, certify in writing to the governor and the legislature the
4 amount, if any, required to restore the availability payment reserve fund established
5 under (e) of this section to an amount sufficient to pay the Knik Crossing
6 Development Corporation's next availability payment. The legislature may appropriate
7 to the Knik Crossing Development Corporation the amount certified by the chair of
8 the board that is needed to restore the reserve fund to the amount needed for the next
9 availability payment.

10 (h) Nothing in this section creates a debt or liability of the state.

11 (i) The Knik Crossing Development Corporation shall maintain a record of the
12 annual certifications made by the chair under (g) of this section. When the total
13 amount certified by the chair of the Knik Crossing Development Corporation as
14 necessary to restore the availability payment reserve fund totals \$1,140,000,000, the
15 duty of the chair of the Knik Crossing Development Corporation to report terminates.

16 **Sec. 18.56.625. Exemption from local regulation.** Notwithstanding any
17 contrary provision of law, the activities of the Knik Crossing Development
18 Corporation are exempt from land use planning, zoning, permitting, or other similar
19 governmental powers of political subdivisions of the state.

20 **Sec. 18.56.630. Liability for payment of tolls.** The owner of a vehicle using a
21 facility owned, controlled, or managed by the Knik Crossing Development
22 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
23 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
24 is used without the owner's knowledge and incurs the toll or fee during operation.

25 * **Sec. 3. AS 36.30.015(f)** is amended to read:

26 ~~(f) The board of directors of the Alaska Housing Finance Corporation,~~
27 ~~notwithstanding AS 18.56.088, and the membership of the Alaska Industrial~~
28 ~~Development and Export Authority, notwithstanding AS 44.88.085, [AND THE~~
29 ~~BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL~~
30 ~~AUTHORITY UNDER AS 19.75.111,]~~ shall adopt regulations under AS 44.62
31 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement

1 Management Board shall adopt regulations under AS 37.10.240, to govern the
 2 procurement of supplies, services, professional services, and construction for the
 3 respective public corporation and board. The regulations must reflect competitive
 4 bidding principles and provide vendors reasonable and equitable opportunities to
 5 participate in the procurement process and must include procurement methods to meet
 6 emergency and extraordinary circumstances. Notwithstanding the other provisions of
 7 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
 8 Development and Export Authority, [THE KNIK ARM BRIDGE AND TOLL
 9 AUTHORITY,] and the Alaska Retirement Management Board shall comply with
 10 AS 36.30.170(b).

11 * **Sec. 4.** AS 36.30.850(b)(45) is amended to read:

12 (45) a subsidiary of the Alaska Housing Finance Corporation created
 13 under AS 18.56.086 for the purpose of planning, financing, or constructing in-state
 14 natural gas pipeline projects or for the purpose of aiding in the planning, financing, or
 15 constructing of in-state natural gas pipeline projects; or a subsidiary of the Alaska
 16 Housing Finance Corporation created under AS 18.56.086 for the purpose of
 17 constructing a bridge to span Knik Arm.

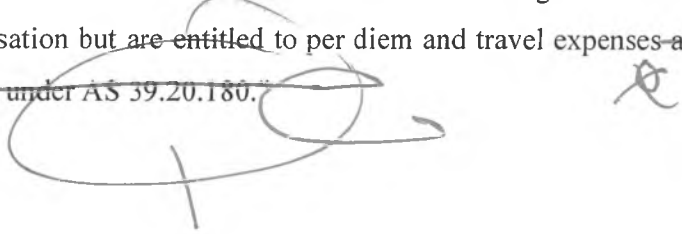
18 * **Sec. 5.** AS 19.75.011, 19.75.021, 19.75.031, 19.75.041, 19.75.051, 19.75.061, 19.75.071,
 19 19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,
 20 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
 21 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,
 22 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

23 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,
 26 indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants,
 27 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and
 28 intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik
 29 Crossing Development Corporation.

30 (b) For one year following the effective date of this Act, the members of the board of
 31 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of

1 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
2 Crossing Development Corporation. While serving as a nonvoting advisory board under this
3 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
4 shall serve without compensation but are entitled to per diem and travel expenses authorized
5 for boards and commissions under AS 39.20.180.



AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: Amendment O.30 to CSHB 23(FIN)

1 Page 2, line 1, of the amendment:

2 Delete "to"

3

4 Page 2, line 27, of the amendment:

5 Delete "department,"

6 Insert "Department of Transportation and Public Facilities"

7

8 Page 5, lines 6 - 7, of the amendment:

9 Delete "The interest earned or on profit derived from these funds and reserves shall be
10 the property of the Knik Crossing Development Corporation."

11

12 Page 5, line 15, through page 6, line 2, of the amendment:

13 Delete all material and insert:

14 "(e) Money in a reserve fund established under (d) of this section

15 (1) shall be used only for

16 (A) the payment of monetary obligations, liabilities, and
17 indebtedness of the Knik Crossing Development Corporation, including
18 termination payment obligations, under agreements for the financing, design,
19 construction, maintenance, improvement, or operation of facilities, properties,
20 or projects of the Knik Crossing Development Corporation; and

21 (B) planning, permitting, design, acquisition, construction,
22 maintenance, improvement, or operation of transportation-related projects,
23 facilities, properties, systems, or equipment of the Knik Crossing Development

1 Corporation or other public entities, including expansions, extensions, and
 2 capacity improvements, eligible under applicable federal and state law to be
 3 funded from toll revenue;

4 (2) may not be used for the purpose of planning, permitting, design,
 5 acquisition, construction, maintenance, improvement, or operation of projects,
 6 facilities, properties, systems, or equipment under (1)(~~B~~) of this subsection if the
 7 withdrawal would reduce the amount in the reserve fund to less than the reserve fund
 8 requirement.

9 (f) In computing the amount of a reserve fund established under (d) of this
 10 section, securities in which all or a portion of the fund is invested shall be valued by a
 11 reasonable method established by the Knik Crossing Development Corporation by
 12 resolution or established by the terms of the agreement for which the fund serves as
 13 security. Valuation must include the amount of interest earned or accrued as of the
 14 date of the valuation."
 15

16 Page 6, lines 6 - 11, of the amendment:

17 Delete "the availability payment reserve fund established under (e) of this section to
 18 an amount sufficient to pay the Knik Crossing Development Corporation's next availability
 19 payment. The legislature may appropriate to the Knik Crossing Development Corporation the
 20 amount certified by the chair of the board that is needed to restore the reserve fund to the
 21 amount needed for the next availability payment."

22 Insert "a reserve fund established under (d) of this section to the reserve fund
 23 requirement. The duty of the chair of the board to report annually to the governor and the
 24 legislature terminates upon the cumulative appropriation to the Knik Crossing Development
 25 Corporation, after January 1, 2013, of \$1,140,000,000."
 26

27 Page 6, lines 13 - 17, of the amendment:

28 Delete all material.

29
 30 Reletter the following subsection accordingly.
 31

1 Page 6, line 18 of the amendment, following "section,":

2 Insert "(1)"

3

4 Page 6, line 22 of the amendment, following "security":

5 Insert "; and

6 (2) "reserve fund requirement" means the amount required to be on
7 deposit in a reserve fund established under (d) of this section on the date of the
8 computation, as determined by resolution of the Knik Crossing Development
9 Corporation or by the terms of the agreement for which the fund serves as security"

10

11 Page 8, line 24, of the amendment, following "indebtedness,":

12 Insert "obligations, liabilities, commitments,"

13

14 Page 8, line 26, of the amendment, following "transferred to":

15 Insert "and may be assumed by"

16

17 Page 8, line 27, of the amendment, following "Corporation.":

18 Insert "Nothing in this section creates a liability or obligation of the Alaska Housing
19 Finance Corporation."

*Page 9, Line 3'
insert new sub section
(c)*

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: Amendment O.30 to CSHB 23(FIN)

1 Page 1, line 11, of the amendment:

2 Delete "board shall be the"

3

4 Page 1, line 12, of the amendment, following "Corporation":

5 Insert "shall consist of the members of the board of the corporation"

6

7 Page 2, line 1, of the amendment:

8 Delete "to"

9

10 Page 2, line 27, of the amendment:

11 Delete "department,"

12 Insert "Department of Transportation and Public Facilities"

13

14 Page 5, lines 6 - 7, of the amendment:

15 Delete "the property of"

16 Insert "accounted for separately and may be appropriated to"

17

18 Page 5, line 15, through page 6, line 2, of the amendment:

19 Delete all material and insert:

20 "(e) Money in a reserve fund established under (d) of this section

21 (1) shall be used only for

22 (A) the payment of monetary obligations, liabilities, and

23 indebtedness of the Knik Crossing Development Corporation, including

1 termination payment obligations, under agreements for the financing, design,
2 construction, maintenance, improvement, or operation of facilities, properties,
3 or projects of the Knik Crossing Development Corporation; and

4 (B) planning, permitting, design, acquisition, construction,
5 maintenance, improvement, or operation of transportation-related projects,
6 facilities, properties, systems, or equipment of the Knik Crossing Development
7 Corporation or other public entities, including expansions, extensions, and
8 capacity improvements, eligible under applicable federal and state law to be
9 funded from toll revenue;

10 (2) may not be used for the purpose of planning, permitting, design,
11 acquisition, construction, maintenance, improvement, or operation of projects,
12 facilities, properties, systems, or equipment under (1)(B) of this subsection if the
13 withdrawal would reduce the amount in the reserve fund to less than the reserve fund
14 requirement.

15 (f) In computing the amount of a reserve fund established under (d) of this
16 section, securities in which all or a portion of the fund is invested shall be valued by a
17 reasonable method established by the Knik Crossing Development Corporation by
18 resolution or established by the terms of the agreement for which the fund serves as
19 security. Valuation must include the amount of interest earned or accrued as of the
20 date of the valuation."

21
22 Page 6, lines 6 - 11, of the amendment:

23 Delete "the availability payment reserve fund established under (e) of this section to
24 an amount sufficient to pay the Knik Crossing Development Corporation's next availability
25 payment. The legislature may appropriate to the Knik Crossing Development Corporation the
26 amount certified by the chair of the board that is needed to restore the reserve fund to the
27 amount needed for the next availability payment."

28 Insert "a reserve fund established under (d) of this section to the reserve fund
29 requirement. The duty of the chair of the board to report annually to the governor and the
30 legislature terminates upon the cumulative appropriation to the Knik Crossing Development
31 Corporation, after January 1, 2013, of \$1,140,000,000."

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Page 6, lines 13 - 17, of the amendment:

Delete all material.

Reletter the following subsection accordingly.

Page 6, line 18 of the amendment, following "section,":

Insert "(1)"

Page 6, line 22 of the amendment, following "security":

Insert "; and

(2) "reserve fund requirement" means the amount required to be on deposit in a reserve fund established under (d) of this section on the date of the computation, as determined by resolution of the Knik Crossing Development Corporation or by the terms of the agreement for which the fund serves as security"

Page 8, line 24, of the amendment, following "indebtedness,":

Insert "obligations, liabilities, commitments,"

Page 8, line 26, of the amendment, following "transferred to":

Insert "and may be assumed by"

Page 8, line 27, of the amendment, following "Corporation.":

Insert "Nothing in this section creates a liability or obligation of the Alaska Housing Finance Corporation."

Page 8, following line 27, of the amendment:

Insert a new subsection to read:

"(b) All procurements of the Knik Arm Bridge and Toll Authority that have not resulted in the award of a contract as of the effective date of this Act may be adopted and may continue as procurements of the Knik Crossing Development Corporation."

1

2 Reletter the following subsection accordingly.

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 23(FIN)

BY REPRESENTATIVE JOHNSON

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **"* Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation."

13 *** Sec. 2.** AS 18.56 is amended by adding new sections to read:

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development
16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

1 Knik Crossing Development Corporation by the corporation under to AS 18.56.086(a),
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
5 or provided by the authority; notwithstanding AS 37.10.050(a), fees, rents, tolls, rates,
6 and other charges fixed and collected under this paragraph may exceed the actual
7 operating cost of the use of the bridge, facility, or service;

8 (2) pledge, encumber, transfer, or otherwise obligate revenue derived
9 by the Knik Crossing Development Corporation from the ownership, use, or operation
10 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
11 Crossing Development Corporation or money that the legislature may appropriate,
12 except a state tax or license, as security for bonds or other indebtedness or agreements
13 of the Knik Crossing Development Corporation;

14 (3) perform reconnaissance studies and engineering, survey, and
15 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

16 (4) exercise powers of eminent domain or file a declaration of taking
17 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
18 09.55.460 to acquire land or an interest in land; the Knik Crossing Development
19 Corporation's exercise of powers under this paragraph may not exceed the permissible
20 exercise of those powers by the state;

21 (5) confer with municipal and other governments, metropolitan
22 planning organizations, and the Department of Transportation and Public Facilities,
23 concerning the Knik Arm bridge.

24 (b) The Knik Crossing Development Corporation shall coordinate the exercise
25 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
26 with the department, and with the mayors of the Municipality of Anchorage and the
27 Matanuska-Susitna Borough.

28 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may
29 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
30 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its
31 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik

1 Crossing Development Corporation and bond premiums may not be included in the
2 aggregate amount, but may be in addition to the amount authorized under this section.

3 (b) In addition to the security that may be provided to bonds of the Knik
4 Crossing Development Corporation under the powers granted to the Knik Crossing
5 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
6 Corporation may pledge revenue derived by the Knik Crossing Development
7 Corporation from the ownership, use, and operation of its toll facilities, including
8 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
9 Crossing Development Corporation.

10 (c) The Knik Crossing Development Corporation may not issues bonds, or a
11 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
12 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
13 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
14 sale of the bonds, whichever is higher.

15 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
16 or other similar document under which the Knik Crossing Development Corporation
17 issues bonds, must contain an agreement by the Knik Crossing Development
18 Corporation that the Knik Crossing Development Corporation will at all times
19 maintain fees, rents, tolls, rates, or other charges sufficient to

20 (1) pay the costs of operation and maintenance of the Knik Arm bridge
21 and its appurtenant facilities and the principal of and interest on bonds issued under
22 the trust agreement as the bonds severally become due and payable;

23 (2) provide for debt service coverage as considered necessary by the
24 Knik Crossing Development Corporation for the marketing of its bonds; and

25 (3) provide for renewals, replacements, and improvements of the Knik
26 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
27 other similar document.

28 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
29 more issues of its bonds, the Knik Crossing Development Corporation may establish
30 one or more special funds, called "capital reserve funds," and shall pay into those
31 capital reserve funds the proceeds of the sale of its bonds and any other money that is

1 available to the Knik Crossing Development Corporation for the purposes of those
2 funds. The funds shall be established only if the Knik Crossing Development
3 Corporation determines that the establishment would enhance the marketability of the
4 bonds. All money held in a capital reserve fund, except as provided in this section,
5 shall be used as required solely for (1) the payment of the principal of and interest on
6 bonds or of the sinking fund payments with respect to those bonds, (2) the purchase or
7 redemption of bonds, or (3) the payment of a redemption premium required to be paid
8 when those bonds are redeemed before maturity. However, money in a fund may not
9 be withdrawn from the fund at any time in an amount that would reduce the amount of
10 the fund to less than the capital reserve requirement set out in (b) of this section,
11 except for the purpose of making, with respect to those bonds, payment, when due, of
12 principal, interest, redemption premiums, and the sinking fund payments for the
13 payment of which other money of the Knik Crossing Development Corporation is not
14 available. Income or interest earned by or increment to a capital reserve fund due to
15 the investment of the fund or any other amounts in the fund may be transferred by the
16 Knik Crossing Development Corporation to other funds or accounts of the Knik
17 Crossing Development Corporation to the extent that the transfer does not reduce the
18 amount of the capital reserve fund below the capital reserve fund requirement.

19 (b) If the Knik Crossing Development Corporation decides to issue bonds
20 secured by a capital reserve fund, the bonds may not be issued if the amount in the
21 capital reserve fund is less than the amount of the capital reserve fund requirement, if
22 any, established by resolution of the Knik Crossing Development Corporation, unless
23 the Knik Crossing Development Corporation, at the time of issuance of the
24 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
25 be issued or from other sources an amount that, together with the amount then in the
26 fund, will not be less than the capital reserve fund requirement.

27 (c) In computing the amount of a capital reserve fund for the purpose of this
28 section, securities in which all or a portion of the fund is invested shall be valued by
29 some reasonable method established by the Knik Crossing Development Corporation
30 by resolution. Valuation on a particular date shall include the amount of any interest
31 earned or accrued to that date.

1 (d) Notwithstanding any other provision of law, the Knik Crossing
2 Development Corporation may establish other funds and reserves as the board of
3 directors may determine reasonable and prudent for the issuance of bonds or for the
4 conduct of the business and affairs of the Knik Crossing Development Corporation.
5 The interest earned on or profit derived from these funds and reserves shall be the
6 property of the Knik Crossing Development Corporation. Deposits made into the
7 reserve fund established under this section must include

8 (1) revenue derived by the Knik Crossing Development Corporation
9 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
10 rates, charges, or other revenue of the Knik Crossing Development Corporation;

11 (2) money that the legislature has appropriated for that purpose; and

12 (3) other money that may be made available to the Knik Crossing
13 Development Corporation from other sources.

14 (e) If the Knik Crossing Development Corporation executes a public-private
15 partnership agreement that includes financing by the private partner for the purpose of
16 securing the Knik Crossing Development Corporation's annual availability payment,
17 the Knik Crossing Development Corporation may establish a reserve fund, called the
18 "availability payment reserve fund," and shall pay into that reserve fund

19 (1) revenue derived by the Knik Crossing Development Corporation
20 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
21 rates, charges, or other revenue of the Knik Crossing Development Corporation;

22 (2) money that the legislature has appropriated for that purpose; and

23 (3) other money that may be made available to the Knik Crossing
24 Development Corporation from other sources.

25 (f) All money held in the availability payment reserve fund shall be used
26 solely for the payment of annual availability payments the Knik Crossing
27 Development Corporation is obligated to make under a public-private partnership
28 agreement executed by the Knik Crossing Development Corporation. When the terms
29 of the Knik Crossing Development Corporation's public-private partnership agreement
30 expires, all future revenue derived by the Knik Crossing Development Corporation
31 shall be deposited into a new fund, to be established by the Knik Crossing

1 Development Corporation under (d) of this section.

2 (g) The chair of the Knik Crossing Development Corporation shall annually,
3 not later than January 30, certify in writing to the governor and the legislature the
4 amount, if any, required to restore the availability payment reserve fund established
5 under (e) of this section to an amount sufficient to pay the Knik Crossing
6 Development Corporation's next availability payment. The legislature may appropriate
7 to the Knik Crossing Development Corporation the amount certified by the chair of
8 the board that is needed to restore the reserve fund to the amount needed for the next
9 availability payment.

10 (h) Nothing in this section creates a debt or liability of the state.

11 (i) The Knik Crossing Development Corporation shall maintain a record of the
12 annual certifications made by the chair under (g) of this section. When the total
13 amount certified by the chair of the Knik Crossing Development Corporation as
14 necessary to restore the availability payment reserve fund totals \$1,140,000,000, the
15 duty of the chair of the Knik Crossing Development Corporation to report terminates.

16 **Sec. 18.56.625. Exemption from local regulation.** Notwithstanding any
17 contrary provision of law, the activities of the Knik Crossing Development
18 Corporation are exempt from land use planning, zoning, permitting, or other similar
19 governmental powers of political subdivisions of the state.

20 **Sec. 18.56.630. Liability for payment of tolls.** The owner of a vehicle using a
21 facility owned, controlled, or managed by the Knik Crossing Development
22 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
23 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
24 is used without the owner's knowledge and incurs the toll or fee during operation.

25 * **Sec. 3.** AS 36.30.015(f) is amended to read:

26 (f) The board of directors of the Alaska Housing Finance Corporation,
27 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial
28 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE
29 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL
30 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62
31 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement

1 Management Board shall adopt regulations under AS 37.10.240, to govern the
 2 procurement of supplies, services, professional services, and construction for the
 3 respective public corporation and board. The regulations must reflect competitive
 4 bidding principles and provide vendors reasonable and equitable opportunities to
 5 participate in the procurement process and must include procurement methods to meet
 6 emergency and extraordinary circumstances. Notwithstanding the other provisions of
 7 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
 8 Development and Export Authority, [THE KNIK ARM BRIDGE AND TOLL
 9 AUTHORITY,] and the Alaska Retirement Management Board shall comply with
 10 AS 36.30.170(b).

11 * **Sec. 4.** AS 36.30.850(b)(45) is amended to read:

12 (45) a subsidiary of the Alaska Housing Finance Corporation created
 13 under AS 18.56.086 for the purpose of planning, financing, or constructing in-state
 14 natural gas pipeline projects or for the purpose of aiding in the planning, financing, or
 15 constructing of in-state natural gas pipeline projects; **or a subsidiary of the Alaska**
 16 **Housing Finance Corporation created under AS 18.56.086 for the purpose of**
 17 **constructing a bridge to span Knik Arm.**

18 * **Sec. 5.** AS 19.75.011, 19.75.021, 19.75.031, 19.75.041, 19.75.051, 19.75.061, 19.75.071,
 19 19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,
 20 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
 21 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,
 22 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

23 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,
 26 indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants,
 27 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and
 28 intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik
 29 Crossing Development Corporation.

30 (b) For one year following the effective date of this Act, the members of the board of
 31 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of

1 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
2 Crossing Development Corporation. While serving as a nonvoting advisory board under this
3 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
4 shall serve without compensation but are entitled to per diem and travel expenses as provided
5 by the Alaska Housing Finance Corporation."

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 23(FIN)

BY REPRESENTATIVE JOHNSON

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **"* Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation."

13 *** Sec. 2.** AS 18.56 is amended by adding new sections to read:

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16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

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1 Knik Crossing Development Corporation by the corporation under to AS 18.56.086(a),
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
5 or provided by the authority; notwithstanding AS 37.10.050(a), fees, rents, tolls, rates,
6 and other charges fixed and collected under this paragraph may exceed the actual
7 operating cost of the use of the bridge, facility, or service;

8 (2) pledge, encumber, transfer, or otherwise obligate revenue derived
9 by the Knik Crossing Development Corporation from the ownership, use, or operation
10 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
11 Crossing Development Corporation or money that the legislature may appropriate,
12 except a state tax or license, as security for bonds or other indebtedness or agreements
13 of the Knik Crossing Development Corporation;

14 (3) perform reconnaissance studies and engineering, survey, and
15 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

16 (4) exercise powers of eminent domain or file a declaration of taking
17 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
18 09.55.460 to acquire land or an interest in land; the Knik Crossing Development
19 Corporation's exercise of powers under this paragraph may not exceed the permissible
20 exercise of those powers by the state;

21 (5) confer with municipal and other governments, metropolitan
22 planning organizations, and the Department of Transportation and Public Facilities,
23 concerning the Knik Arm bridge.

24 (b) The Knik Crossing Development Corporation shall coordinate the exercise
25 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
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27 Matanuska-Susitna Borough.

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29 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
30 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its
31 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik

1 Crossing Development Corporation and bond premiums may not be included in the
2 aggregate amount, but may be in addition to the amount authorized under this section.

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4 Crossing Development Corporation under the powers granted to the Knik Crossing
5 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
6 Corporation may pledge revenue derived by the Knik Crossing Development
7 Corporation from the ownership, use, and operation of its toll facilities, including
8 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
9 Crossing Development Corporation.

10 (c) The Knik Crossing Development Corporation may not issues bonds, or a
11 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
12 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
13 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
14 sale of the bonds, whichever is higher.

15 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
16 or other similar document under which the Knik Crossing Development Corporation
17 issues bonds, must contain an agreement by the Knik Crossing Development
18 Corporation that the Knik Crossing Development Corporation will at all times
19 maintain fees, rents, tolls, rates, or other charges sufficient to

20 (1) pay the costs of operation and maintenance of the Knik Arm bridge
21 and its appurtenant facilities and the principal of and interest on bonds issued under
22 the trust agreement as the bonds severally become due and payable;

23 (2) provide for debt service coverage as considered necessary by the
24 Knik Crossing Development Corporation for the marketing of its bonds; and

25 (3) provide for renewals, replacements, and improvements of the Knik
26 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
27 other similar document.

28 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
29 more issues of its bonds, the Knik Crossing Development Corporation may establish
30 one or more special funds, called "capital reserve funds," and shall pay into those
31 capital reserve funds the proceeds of the sale of its bonds and any other money that is

1 available to the Knik Crossing Development Corporation for the purposes of those
2 funds. The funds shall be established only if the Knik Crossing Development
3 Corporation determines that the establishment would enhance the marketability of the
4 bonds. All money held in a capital reserve fund, except as provided in this section,
5 shall be used as required solely for the payment of the principal of and interest on
6 bonds or of the sinking fund payments with respect to those bonds, the purchase or
7 redemption of bonds, or the payment of a redemption premium required to be paid
8 when those bonds are redeemed before maturity. However, money in a fund may not
9 be withdrawn from the fund at any time in an amount that would reduce the amount of
10 the fund to less than the capital reserve requirement set out in (b) of this section,
11 except for the purpose of making, with respect to those bonds, payment, when due, of
12 principal, interest, redemption premiums, and the sinking fund payments for the
13 payment of which other money of the Knik Crossing Development Corporation is not
14 available. Income or interest earned by or increment to a capital reserve fund due to
15 the investment of the fund or any other amounts in the fund may be transferred by the
16 Knik Crossing Development Corporation to other funds or accounts of the Knik
17 Crossing Development Corporation to the extent that the transfer does not reduce the
18 amount of the capital reserve fund below the capital reserve fund requirement.

19 (b) If the Knik Crossing Development Corporation decides to issue bonds
20 secured by a capital reserve fund, the bonds may not be issued if the amount in the
21 capital reserve fund is less than the amount of the capital reserve fund requirement, if
22 any, established by resolution of the Knik Crossing Development Corporation, unless
23 the Knik Crossing Development Corporation, at the time of issuance of the
24 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
25 be issued or from other sources an amount that, together with the amount then in the
26 fund, will not be less than the capital reserve fund requirement.

27 (c) In computing the amount of a capital reserve fund for the purpose of this
28 section, securities in which all or a portion of the fund is invested shall be valued by
29 some reasonable method established by the Knik Crossing Development Corporation
30 by resolution. Valuation on a particular date shall include the amount of any interest
31 earned or accrued to that date.

1 (d) Notwithstanding any other provision of law, the Knik Crossing
2 Development Corporation may establish other funds and reserves as the board of
3 directors may determine reasonable and prudent for the issuance of bonds or for the
4 conduct of the business and affairs of the Knik Crossing Development Corporation.
5 The interest earned on or profit derived from these funds and reserves shall be the
6 property of the Knik Crossing Development Corporation. Deposits made into the
7 reserve fund established under this section must include

8 (1) revenue derived by the Knik Crossing Development Corporation
9 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
10 rates, charges, or other revenue of the Knik Crossing Development Corporation;

11 (2) money that the legislature has appropriated for that purpose; and

12 (3) other money that may be made available to the Knik Crossing
13 Development Corporation from other sources.

14 (e) If the Knik Crossing Development Corporation executes a public-private
15 partnership agreement that includes financing by the private partner for the purpose of
16 securing the Knik Crossing Development Corporation's annual availability payment,
17 the Knik Crossing Development Corporation may establish a reserve fund, called the
18 "availability payment reserve fund," and shall pay into that reserve fund

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24 Development Corporation from other sources.

25 (f) All money held in the availability payment reserve fund shall be used
26 solely for the payment of annual availability payments the Knik Crossing
27 Development Corporation is obligated to make under a public-private partnership
28 agreement executed by the Knik Crossing Development Corporation. When the terms
29 of the Knik Crossing Development Corporation's public-private partnership agreement
30 expires, all future revenue derived by the Knik Crossing Development Corporation
31 shall be deposited into a new fund, to be established by the Knik Crossing

1 Development Corporation under (d) of this section.

2 (g) The chair of the Knik Crossing Development Corporation shall annually,
3 not later than January 30, certify in writing to the governor and the legislature the
4 amount, if any, required to restore the capital reserve fund established under (a) of this
5 section, or the availability payment reserve fund established under (e) of this section to
6 an amount sufficient to pay the Knik Crossing Development Corporation's next
7 availability payment. The legislature may appropriate to the Knik Crossing
8 Development Corporation the amount certified by the chair of the board that is needed
9 to restore the reserve fund to the amount needed for the next availability payment.

10 (h) Nothing in this section creates a debt or liability of the state.

11 (i) The Knik Crossing Development Corporation shall maintain a record of the
12 annual certifications made by the chair under (g) of this section. When the total
13 amount certified by the chair of the Knik Crossing Development Corporation as
14 necessary to restore the availability payment reserve fund totals \$1,140,000,000, the
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19 governmental powers of political subdivisions of the state.

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21 facility owned, controlled, or managed by the Knik Crossing Development
22 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
23 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
24 is used without the owner's knowledge and incurs the toll or fee during operation.

25 * **Sec. 3.** AS 36.30.015(f) is amended to read:

26 (f) The board of directors of the Alaska Housing Finance Corporation,
27 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial
28 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE
29 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL
30 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62
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 2 procurement of supplies, services, professional services, and construction for the
 3 respective public corporation and board. The regulations must reflect competitive
 4 bidding principles and provide vendors reasonable and equitable opportunities to
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 6 emergency and extraordinary circumstances. Notwithstanding the other provisions of
 7 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
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 14 natural gas pipeline projects or for the purpose of aiding in the planning, financing, or
 15 constructing of in-state natural gas pipeline projects; **or a subsidiary of the Alaska**
 16 **Housing Finance Corporation created under AS 18.56.086 for the purpose of**
 17 **constructing a bridge to span Knik Arm.**

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 20 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
 21 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,
 22 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

23 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,
 26 indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants,
 27 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and
 28 intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik
 29 Crossing Development Corporation.

30 (b) For one year following the effective date of this Act, the members of the board of
 31 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of

1 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
2 Crossing Development Corporation. While serving as a nonvoting advisory board under this
3 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
4 shall serve without compensation but are entitled to per diem and travel expenses as provided
5 by the Alaska Housing Finance Corporation."

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: CSHB 23(FIN)

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **"* Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation.

13 *** Sec. 2.** AS 18.56 is amended by adding new sections to read:

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development
16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

1 Knik Crossing Development Corporation by the corporation under to AS 18.56.086(a),
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
5 or provided by the authority; notwithstanding AS 37.10.050(a), fees, rents, tolls, rates,
6 and other charges fixed and collected under this paragraph may exceed the actual
7 operating cost of the use of the bridge, facility, or service;

8 (2) pledge, encumber, transfer, or otherwise obligate revenue derived
9 by the Knik Crossing Development Corporation from the ownership, use, or operation
10 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
11 Crossing Development Corporation or money that the legislature may appropriate,
12 except a state tax or license, as security for bonds or other indebtedness or agreements
13 of the Knik Crossing Development Corporation;

14 (3) perform reconnaissance studies and engineering, survey, and
15 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

16 (4) exercise powers of eminent domain or file a declaration of taking
17 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
18 09.55.460 to acquire land or an interest in land; the Knik Crossing Development
19 Corporation's exercise of powers under this paragraph may not exceed the permissible
20 exercise of those powers by the state;

21 (5) confer with municipal and other governments, metropolitan
22 planning organizations, and the Department of Transportation and Public Facilities,
23 concerning the Knik Arm bridge.

24 (b) The Knik Crossing Development Corporation shall coordinate the exercise
25 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
26 with the department, and with the mayors of the Municipality of Anchorage and the
27 Matanuska-Susitna Borough.

28 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may
29 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
30 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its
31 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik

1 Crossing Development Corporation and bond premiums may not be included in the
2 aggregate amount, but may be in addition to the amount authorized under this section.

3 (b) In addition to the security that may be provided to bonds of the Knik
4 Crossing Development Corporation under the powers granted to the Knik Crossing
5 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
6 Corporation may pledge revenue derived by the Knik Crossing Development
7 Corporation from the ownership, use, and operation of its toll facilities, including
8 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
9 Crossing Development Corporation.

10 (c) The Knik Crossing Development Corporation may not issues bonds, or a
11 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
12 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
13 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
14 sale of the bonds, whichever is higher.

15 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
16 or other similar document under which the Knik Crossing Development Corporation
17 issues bonds, must contain an agreement by the Knik Crossing Development
18 Corporation that the Knik Crossing Development Corporation will at all times
19 maintain fees, rents, tolls, rates, or other charges sufficient to

20 (1) pay the costs of operation and maintenance of the Knik Arm bridge
21 and its appurtenant facilities and the principal of and interest on bonds issued under
22 the trust agreement as the bonds severally become due and payable;

23 (2) provide for debt service coverage as considered necessary by the
24 Knik Crossing Development Corporation for the marketing of its bonds; and

25 (3) provide for renewals, replacements, and improvements of the Knik
26 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
27 other similar document.

28 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
29 more issues of its bonds, the Knik Crossing Development Corporation may establish
30 one or more special funds, called "capital reserve funds," and shall pay into those
31 capital reserve funds the proceeds of the sale of its bonds and any other money that is

1 available to the Knik Crossing Development Corporation for the purposes of those
2 funds. The funds shall be established only if the Knik Crossing Development
3 Corporation determines that the establishment would enhance the marketability of the
4 bonds. All money held in a capital reserve fund, except as provided in this section,
5 shall be used as required solely for the payment of the principal of and interest on
6 bonds or of the sinking fund payments with respect to those bonds, the purchase or
7 redemption of bonds, or the payment of a redemption premium required to be paid
8 when those bonds are redeemed before maturity. However, money in a fund may not
9 be withdrawn from the fund at any time in an amount that would reduce the amount of
10 the fund to less than the capital reserve requirement set out in (b) of this section,
11 except for the purpose of making, with respect to those bonds, payment, when due, of
12 principal, interest, redemption premiums, and the sinking fund payments for the
13 payment of which other money of the Knik Crossing Development Corporation is not
14 available. Income or interest earned by or increment to a capital reserve fund due to
15 the investment of the fund or any other amounts in the fund may be transferred by the
16 Knik Crossing Development Corporation to other funds or accounts of the Knik
17 Crossing Development Corporation to the extent that the transfer does not reduce the
18 amount of the capital reserve fund below the capital reserve fund requirement.

19 (b) If the Knik Crossing Development Corporation decides to issue bonds
20 secured by a capital reserve fund, the bonds may not be issued if the amount in the
21 capital reserve fund is less than the amount of the capital reserve fund requirement, if
22 any, established by resolution of the Knik Crossing Development Corporation, unless
23 the Knik Crossing Development Corporation, at the time of issuance of the
24 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
25 be issued or from other sources an amount that, together with the amount then in the
26 fund, will not be less than the capital reserve fund requirement.

27 (c) In computing the amount of a capital reserve fund for the purpose of this
28 section, securities in which all or a portion of the fund is invested shall be valued by
29 some reasonable method established by the Knik Crossing Development Corporation
30 by resolution. Valuation on a particular date shall include the amount of any interest
31 earned or accrued to that date.

1 (d) Notwithstanding any other provision of law, the Knik Crossing
2 Development Corporation may establish other funds and reserves as the board of
3 directors may determine reasonable and prudent for the issuance of bonds or for the
4 conduct of the business and affairs of the Knik Crossing Development Corporation.
5 The interest earned on or profit derived from these funds and reserves shall be the
6 property of the Knik Crossing Development Corporation. Deposits made into the
7 reserve fund established under this section must include

8 (1) revenue derived by the Knik Crossing Development Corporation
9 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
10 rates, charges, or other revenue of the Knik Crossing Development Corporation;

11 (2) money that the legislature has appropriated for that purpose; and

12 (3) other money that may be made available to the Knik Crossing
13 Development Corporation from other sources.

14 (e) If the Knik Crossing Development Corporation executes a public-private
15 partnership agreement that includes financing by the private partner for the purpose of
16 securing the Knik Crossing Development Corporation's annual availability payment,
17 the Knik Crossing Development Corporation may establish a reserve fund, called the
18 "availability payment reserve fund," and shall pay into that reserve fund

19 (1) revenue derived by the Knik Crossing Development Corporation
20 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
21 rates, charges, or other revenue of the Knik Crossing Development Corporation;

22 (2) money that the legislature has appropriated for that purpose; and

23 (3) other money that may be made available to the Knik Crossing
24 Development Corporation from other sources.

25 (f) All money held in the availability payment reserve fund shall be used
26 solely for the payment of annual availability payments the Knik Crossing
27 Development Corporation is obligated to make under a public-private partnership
28 agreement executed by the Knik Crossing Development Corporation. When the terms
29 of the Knik Crossing Development Corporation's public-private partnership agreement
30 expires, all future revenue derived by the Knik Crossing Development Corporation
31 shall be deposited into a new fund, to be established by the Knik Crossing

1 Development Corporation under (d) of this section.

2 (g) The chair of the Knik Crossing Development Corporation shall annually,
3 not later than January 30, certify in writing to the governor and the legislature the
4 amount, if any, required to restore the capital reserve fund established under (a) of this
5 section, or the availability payment reserve fund established under (e) of this section to
6 an amount sufficient to pay the Knik Crossing Development Corporation's next
7 availability payment. The legislature may appropriate to the Knik Crossing
8 Development Corporation the amount certified by the chair of the board that is needed
9 to restore the reserve fund to the amount needed for the next availability payment.

10 (h) Nothing in this section creates a debt or liability of the state.

11 (i) The Knik Crossing Development Corporation shall maintain a record of the
12 annual certifications made by the chair under (g) of this section. When the total
13 amount certified by the chair of the Knik Crossing Development Corporation as
14 necessary to restore the availability payment reserve fund totals \$1,140,000,000, the
15 duty of the chair of the Knik Crossing Development Corporation to report terminates.

16 **Sec. 18.56.625. Exemption from taxation.** The real and personal property of
17 the Knik Crossing Development Corporation and its assets, income, and receipts are
18 declared to be the property of a political subdivision of the state and are exempt from
19 all taxes and special assessments of the state or a political subdivision of the state.
20 Notwithstanding any law to the contrary, rights and interests in real and personal
21 property, assets, income, and receipts, including concession, franchise, leasehold, or
22 other real or personal property rights and interests, held by a private person or
23 enterprise under a public-private partnership agreement entered into under this
24 chapter, except any rights and interests of the private person in property serving a
25 business, commercial, or other purpose not necessary to operate the facilities,
26 properties, or projects of the Knik Crossing Development Corporation, shall be
27 exempt from all ad valorem taxes on real or personal property and special property tax
28 assessments of the state or a political subdivision of the state. All bonds of the Knik
29 Crossing Development Corporation are declared to be issued by a political subdivision
30 of the state and for an essential public and governmental purpose. The bonds, the
31 interest on the bonds, the income from the bonds and the transfer of the bonds, and all

1 assets, income, and receipts pledged to pay or secure the payment of the bonds or
2 interest on the bonds are, at all times, exempt from taxation by or under the authority
3 of the state, except for inheritance and estate taxes and taxes on transfers by or in
4 contemplation of death. Nothing in this section affects or limits an exemption from
5 license fees, property taxes, or excise, income, or other taxes provided under any other
6 law.

7 **Sec. 18.56.630. Exemption from local regulation.** Notwithstanding any
8 contrary provision of law, the activities of the Knik Crossing Development
9 Corporation are exempt from land use planning, zoning, permitting, or other similar
10 governmental powers of political subdivisions of the state.

11 **Sec. 18.56.635. Liability for payment of tolls.** The owner of a vehicle using a
12 facility owned, controlled, or managed by the Knik Crossing Development
13 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
14 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
15 is used without the owner's knowledge and incurs the toll or fee during operation.

16 * **Sec. 3.** AS 36.30.015(f) is amended to read:

17 (f) The board of directors of the Alaska Housing Finance Corporation,
18 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial
19 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE
20 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL
21 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62
22 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement
23 Management Board shall adopt regulations under AS 37.10.240, to govern the
24 procurement of supplies, services, professional services, and construction for the
25 respective public corporation and board. The regulations must reflect competitive
26 bidding principles and provide vendors reasonable and equitable opportunities to
27 participate in the procurement process and must include procurement methods to meet
28 emergency and extraordinary circumstances. Notwithstanding the other provisions of
29 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
30 Development and Export Authority, [THE KNIK ARM BRIDGE AND TOLL
31 AUTHORITY,] and the Alaska Retirement Management Board shall comply with

1 AS 36.30.170(b).

2 * **Sec. 4.** AS 36.30.850(b)(45) is amended to read:

3 (45) a subsidiary of the Alaska Housing Finance Corporation created
4 under AS 18.56.086 for the purpose of planning, financing, or constructing in-state
5 natural gas pipeline projects or for the purpose of aiding in the planning, financing, or
6 constructing of in-state natural gas pipeline projects; **or a subsidiary of the Alaska**
7 **Housing Finance Corporation created under AS 18.56.086 for the purpose of**
8 **constructing a bridge to span Knik Arm.**

9 * **Sec. 5.** AS 19.75.011, 19.75.021, 19.75.031, 19.75.041, 19.75.051, 19.75.061, 19.75.071,
10 19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,
11 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
12 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,
13 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

14 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

16 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,
17 indebtedness, investments, leases, real and personal property, lines of credit, gifts, grants,
18 loans, fees, rents, tolls, civil actions, revenue, funds, insurance, permits, licenses, studies, and
19 intellectual property of the Knik Arm Bridge and Toll Authority are transferred to the Knik
20 Crossing Development Corporation.

21 (b) For one year following the effective date of this Act, the members of the board of
22 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of
23 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
24 Crossing Development Corporation. While serving as a nonvoting advisory board under this
25 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
26 shall serve without compensation but are entitled to per diem and travel expenses as provided
27 by the Alaska Housing Finance Corporation."

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 23(FIN)

BY REPRESENTATIVE JOHNSON

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **""* Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation.

13 *** Sec. 2.** AS 18.56 is amended by adding new sections to read:

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development
16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

1 Knik Crossing Development Corporation by the corporation under AS 18.56.086(a),
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
5 or provided by the Knik Crossing Development Corporation; notwithstanding
6 AS 37.10.050(a), fees, rents, tolls, rates, and other charges fixed and collected under
7 this paragraph may exceed the actual operating cost of the use of the bridge, facility,
8 or service;

9 (2) pledge, encumber, transfer, or otherwise obligate revenue derived
10 by the Knik Crossing Development Corporation from the ownership, use, or operation
11 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
12 Crossing Development Corporation or money that the legislature may appropriate,
13 except a state tax or license, as security for bonds or other indebtedness or agreements
14 of the Knik Crossing Development Corporation;

15 (3) perform reconnaissance studies and engineering, survey, and
16 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

17 (4) exercise powers of eminent domain or file a declaration of taking
18 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
19 09.55.460 to acquire land or an interest in land; the Knik Crossing Development
20 Corporation's exercise of powers under this paragraph may not exceed the permissible
21 exercise of those powers by the state;

22 (5) confer with municipal and other governments, metropolitan
23 planning organizations, and the Department of Transportation and Public Facilities,
24 concerning the Knik Arm bridge.

25 (b) The Knik Crossing Development Corporation shall coordinate the exercise
26 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
27 with the department, and with the mayors of the Municipality of Anchorage and the
28 Matanuska-Susitna Borough.

29 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may
30 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
31 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its

1 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik
2 Crossing Development Corporation and bond premiums may not be included in the
3 aggregate amount, but may be in addition to the amount authorized under this section.

4 (b) In addition to the security that may be provided to bonds of the Knik
5 Crossing Development Corporation under the powers granted to the Knik Crossing
6 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
7 Corporation may pledge revenue derived by the Knik Crossing Development
8 Corporation from the ownership, use, and operation of its toll facilities, including
9 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
10 Crossing Development Corporation.

11 (c) The Knik Crossing Development Corporation may not issues bonds, or a
12 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
13 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
14 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
15 sale of the bonds, whichever is higher.

16 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
17 or other similar document under which the Knik Crossing Development Corporation
18 issues bonds, must contain an agreement by the Knik Crossing Development
19 Corporation that the Knik Crossing Development Corporation will at all times
20 maintain fees, rents, tolls, rates, or other charges sufficient to

21 (1) pay the costs of operation and maintenance of the Knik Arm bridge
22 and its appurtenant facilities and the principal of and interest on bonds issued under
23 the trust agreement as the bonds severally become due and payable;

24 (2) provide for debt service coverage as considered necessary by the
25 Knik Crossing Development Corporation for the marketing of its bonds; and

26 (3) provide for renewals, replacements, and improvements of the Knik
27 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
28 other similar document.

29 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
30 more issues of its bonds, the Knik Crossing Development Corporation may establish
31 one or more special funds, called "capital reserve funds," and shall pay into those

1 capital reserve funds the proceeds of the sale of its bonds and any other money that is
2 available to the Knik Crossing Development Corporation for the purposes of those
3 funds. The funds shall be established only if the Knik Crossing Development
4 Corporation determines that the establishment would enhance the marketability of the
5 bonds. All money held in a capital reserve fund, except as provided in this section,
6 shall be used as required solely for the payment of the principal of and interest on
7 bonds or of the sinking fund payments with respect to those bonds, the purchase or
8 redemption of bonds, or the payment of a redemption premium required to be paid
9 when those bonds are redeemed before maturity. However, money in a fund may not
10 be withdrawn from the fund at any time in an amount that would reduce the amount of
11 the fund to less than the capital reserve requirement set out in (b) of this section,
12 except for the purpose of making, with respect to those bonds, payment, when due, of
13 principal, interest, redemption premiums, and the sinking fund payments for the
14 payment of which other money of the Knik Crossing Development Corporation is not
15 available. Income or interest earned by or increment to a capital reserve fund due to
16 the investment of the fund or any other amounts in the fund may be transferred by the
17 Knik Crossing Development Corporation to other funds or accounts of the Knik
18 Crossing Development Corporation to the extent that the transfer does not reduce the
19 amount of the capital reserve fund below the capital reserve fund requirement.

20 (b) If the Knik Crossing Development Corporation decides to issue bonds
21 secured by a capital reserve fund, the bonds may not be issued if the amount in the
22 capital reserve fund is less than the amount of the capital reserve fund requirement, if
23 any, established by resolution of the Knik Crossing Development Corporation, unless
24 the Knik Crossing Development Corporation, at the time of issuance of the
25 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
26 be issued or from other sources an amount that, together with the amount then in the
27 fund, will not be less than the capital reserve fund requirement.

28 (c) In computing the amount of a capital reserve fund for the purpose of this
29 section, securities in which all or a portion of the fund is invested shall be valued by
30 some reasonable method established by the Knik Crossing Development Corporation
31 by resolution. Valuation on a particular date shall include the amount of any interest

1 earned or accrued to that date.

2 (d) Notwithstanding any other provision of law, the Knik Crossing
3 Development Corporation may establish other funds and reserves as the board of
4 directors may determine reasonable and prudent for the issuance of bonds or for the
5 conduct of the business and affairs of the Knik Crossing Development Corporation.
6 The interest earned on or profit derived from these funds and reserves shall be the
7 property of the Knik Crossing Development Corporation. Deposits made into the
8 reserve fund established under this section must include

9 (1) revenue derived by the Knik Crossing Development Corporation
10 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
11 rates, charges, or other revenue of the Knik Crossing Development Corporation;

12 (2) money that the legislature has appropriated for that purpose; and

13 (3) other money that may be made available to the Knik Crossing
14 Development Corporation from other sources.

15 (e) Money in a reserve fund established under (d) of this section

16 (1) shall be used only for

17 (A) the payment of monetary obligations, liabilities, and
18 indebtedness of the Knik Crossing Development Corporation, including
19 termination payment obligations, under agreements for the financing, design,
20 construction, maintenance, improvement, or operation of facilities, properties,
21 or projects of the Knik Crossing Development Corporation;

22 (B) the performance of the Knik Crossing Development
23 Corporation's statutory functions, including the Knik Crossing Development
24 Corporation's overhead and administrative costs and working capital; and

25 (C) planning, permitting, design, acquisition, construction,
26 maintenance, improvement, or operation of transportation-related projects,
27 facilities, properties, systems, or equipment of the Knik Crossing Development
28 Corporation or other public entities, including expansions, extensions, and
29 capacity improvements, eligible under applicable federal and state law to be
30 funded from toll revenue;

31 (2) may not be used for the purpose of planning, permitting, design,

1 acquisition, construction, maintenance, improvement, or operation of projects,
2 facilities, properties, systems, or equipment under (1)(C) of this subsection if the
3 withdrawal would reduce the amount in the reserve fund to less than the reserve fund
4 requirement.

5 (f) Income or interest earned by, or increment to, a reserve fund established
6 under (h) of this section, from the investment of all or part of the fund, may be
7 transferred by the Knik Crossing Development Corporation to other funds or accounts
8 of the Knik Crossing Development Corporation if the transfer does not reduce the
9 amount of a reserve fund below the reserve fund requirement.

10 (g) In computing the amount of a reserve fund established under (d) of this
11 section, securities in which all or a portion of the fund is invested shall be valued by a
12 reasonable method established by the Knik Crossing Development Corporation by
13 resolution or established by the terms of the agreement for which the fund serves as
14 security. Valuation must include the amount of interest earned or accrued as of the
15 date of the valuation.

16 (h) The chair of the board shall annually, not later than December 1, certify in
17 writing to the governor and the legislature the amount, if any, required to restore a
18 reserve fund established under (h) of this section to the reserve fund requirement. The
19 legislature may appropriate to the Knik Crossing Development Corporation the
20 amount certified by the chair of the board that is needed to restore a reserve fund to the
21 reserve fund requirement. The duty of the chair of the board to report annually to the
22 governor and the legislature terminates upon the cumulative appropriation to the Knik
23 Crossing Development Corporation, after January 1, 2013, of \$1,140,000,000.

24 (i) In this section, "reserve fund requirement" means the amount required to be
25 on deposit in a reserve fund established under (d) of this section as of the date of
26 computation, as determined by resolution of the Knik Crossing Development
27 Corporation or by the terms of the agreement for which the fund serves as security.

28 **Sec. 18.56.625. Exemption from taxation.** The real and personal property of
29 the Knik Crossing Development Corporation and its assets, income, and receipts are
30 declared to be the property of a political subdivision of the state and are exempt from
31 all taxes and special assessments of the state or a political subdivision of the state.

1 Notwithstanding any law to the contrary, rights and interests in real and personal
2 property, assets, income, and receipts, including concession, franchise, leasehold, or
3 other real or personal property rights and interests, held by a private person or
4 enterprise under a public-private partnership agreement entered into under this
5 chapter, except any rights and interests of the private person in property serving a
6 business, commercial, or other purpose not necessary to operate the facilities,
7 properties, or projects of the Knik Crossing Development Corporation, shall be
8 exempt from all ad valorem taxes on real or personal property and special property tax
9 assessments of the state or a political subdivision of the state. All bonds of the Knik
10 Crossing Development Corporation are declared to be issued by a political subdivision
11 of the state and for an essential public and governmental purpose. The bonds, the
12 interest on the bonds, the income from the bonds and the transfer of the bonds, and all
13 assets, income, and receipts pledged to pay or secure the payment of the bonds or
14 interest on the bonds are, at all times, exempt from taxation by or under the authority
15 of the state, except for inheritance and estate taxes and taxes on transfers by or in
16 contemplation of death. Nothing in this section affects or limits an exemption from
17 license fees, property taxes, or excise, income, or other taxes provided under any other
18 law.

19 **Sec. 18.56.630. Exemption from local regulation.** Notwithstanding any
20 contrary provision of law, the activities of the Knik Crossing Development
21 Corporation are exempt from land use planning, zoning, permitting, or other similar
22 governmental powers of political subdivisions of the state.

23 **Sec. 18.56.635. Liability for payment of tolls.** The owner of a vehicle using a
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25 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
26 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
27 is used without the owner's knowledge and incurs the toll or fee during operation.

28 * **Sec. 3.** AS 36.30.015(f) is amended to read:

29 (f) The board of directors of the Alaska Housing Finance Corporation,
30 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial
31 Development and Export Authority, notwithstanding AS 44.88.085, [AND THE

1 BOARD OF DIRECTORS OF THE KNIK ARM BRIDGE AND TOLL
 2 AUTHORITY UNDER AS 19.75.111,] shall adopt regulations under AS 44.62
 3 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement
 4 Management Board shall adopt regulations under AS 37.10.240, to govern the
 5 procurement of supplies, services, professional services, and construction for the
 6 respective public corporation and board. The regulations must reflect competitive
 7 bidding principles and provide vendors reasonable and equitable opportunities to
 8 participate in the procurement process and must include procurement methods to meet
 9 emergency and extraordinary circumstances. Notwithstanding the other provisions of
 10 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
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 17 natural gas pipeline projects or for the purpose of aiding in the planning, financing, or
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 19 Housing Finance Corporation created under AS 18.56.086 for the purpose of
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 22 19.75.081, 19.75.111, 19.75.113, 19.75.211, 19.75.221, 19.75.231, 19.75.241, 19.75.251,
 23 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
 24 19.75.332, 19.75.334, 19.75.336, 19.75.338, 19.75.340, 19.75.911, 19.75.915, 19.75.920,
 25 19.75.980, 19.75.990; AS 39.25.110(39); and AS 39.50.200(b)(60) are repealed.

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 27 read:

28 TRANSITION. (a) All rights, titles, interests, agreements, contracts, instruments,
 29 indebtedness, obligations, liabilities, commitments, investments, leases, real and personal
 30 property, lines of credit, gifts, grants, loans, fees, rents, tolls, civil actions, revenue, funds,
 31 insurance, permits, licenses, studies, and intellectual property of the Knik Arm Bridge and

1 Toll Authority are transferred to and assumed by the Knik Crossing Development
2 Corporation.

3 (b) For one year following the effective date of this Act, the members of the board of
4 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of
5 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
6 Crossing Development Corporation. While serving as a nonvoting advisory board under this
7 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
8 shall serve without compensation but are entitled to per diem and travel expenses as provided
9 by the Alaska Housing Finance Corporation."

Erin Shine

From: Stacy Schubert <sshubert@ahfc.us>
Sent: Wednesday, April 10, 2013 9:58 PM
To: Rep. Craig Johnson; Erin Shine
Cc: Ken Vassar; Dan Fauske
Subject: Re: CS amendment version 031

Hi Erin:

See comments below about our suggestions to amendment 031. The items fall into the following categories. The and specific suggestions are further below.

1. Housekeeping - clarity
2. & 3. See comments below; cross-references may need to be fixed.
4. & 5 Dedicated fund provision violates constitution. Need to be fixed.
6. Housekeeping - fix cross reference.
7. Absolute must-have.

Please let me know if you have questions at 301-4556.

-Stacy

Sent from my iPad

On Apr 10, 2013, at 9:37 PM, "Ken Vassar" <kvassar@agdc.us> wrote:

- ✓1. On page 2, line 27, delete "the department" and insert "the Department of Transportation and Public Facilities"
- ✓2. Page 3, line 29: As re-drafted, the capital reserve fund authorized by proposed 18.56.620(a) is NOT a moral obligation reserve fund. If KABATA is OK with that, I certainly am.
- ✓3. Page 5, line 2: Same thing for any fund created pursuant to proposed 18.56.620(d) -- these will NOT be moral obligation reserves. If KABATA is OK with that, I certainly am.
- ✓4. Page 5, line 6: I question whether this provision ("interest earned on or profit derived from these funds and reserves shall be the property of the Knik Crossing Development Corporation") violates the dedicated fund provision of the Alaska Constitution. The Department of Law has taken the position in the past -- including with respect to legislation currently pending before the Legislature -- that such a provision would violate the dedicated fund prohibition. I think it should be deleted.
- ✓5. Page 6, lines 5 -- 9: Same problem as item 4 above. This language purports to allow KCDC to take interest and other earnings from a fund and use that income for other purposes without bothering to go through the legislative appropriation process. This could very possibly violate the dedicated fund prohibition of the Alaska Constitution.
- > 6. Page 6, line 18: The reference to "reserve fund established under (h) of this section" needs to be changed to refer to either the capital reserve fund created under (a) of this section or a reserve fund created under (d) of this section or both. The reference to (h) is nonsensical, since this is located within (h), and (h) doesn't create any reserve funds.
- > 7. Page 9, line 2, add the following new sentence: "Nothing in this section creates a liability or obligation of the Alaska Housing Finance Corporation."

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Erin Shine

From: Stacy Schubert <sschubert@ahfc.us>
Sent: Wednesday, April 10, 2013 4:10 PM
To: Rep. Craig Johnson
Cc: Dan Fauske
Subject: FW: revisions to the bill suggested by LA attorney for KABATA

Hi Representative Johnson:

To clarify, the following highlights includes AHFC's response/position to the suggested language changes.

I'm at 301-4556 if there are further questions.

The LA attorney suggested several changes to the Transition language found on page 8 and 9 of the latest version.

✓ Page 8, line 24 - after the word indebtedness, he wants inserted "obligations, liabilities, commitments" (We are *okay* with this language to the extent only that AHFC is protected; however, we are *uncomfortable* with it because we are unaware of KABATA commitments. Further, by virtue of accepting the transfer of existing contracts, we are taking on the responsibility of said contracts and anything that goes with them).

Page 8, line 25 - he wants inserted after the word permits "approvals, environmental documentation" - not really sure what he means by "approvals"; Nola says she is OK with "Environmental documentation". (We are uncomfortable with "approvals" because we don't know what it encompasses. We have no problem with the words "environmental documentation.")

✓ Page 8, line 26 - after the word transferred to he wants to insert "and assumed by" (We have no problem with this).

Page 9 - he wants to insert a new subsection (c) which would read: "All pending procurements of the Knik Arm Bridge and Toll Authority are adopted and may continue as procurements of the Knik Crossing Development corporation." (We are uncomfortable with this language.)

As we told Stacy, they are also insisting that the original language found in section 5 of CSHB 23 be placed back into the bill in place of subsections (e) and (f) on page 5 of the current version. Stacey said that if he wants this then the sponsor can make this change as an amendment to the amendment. We totally agree with this. (Some of Section 5 was incorporated into the most recent amendment, i.e, definition of capital reserve fund, so we wouldn't be opposed to the change but we are happy with the language as currently amended.)

That is all for now.

need amendments

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: Amendment O.31 to CSHB 23(FIN)

- 1 Page 8, line 31, of the amendment, following "permits,"
- 2 Insert "approvals, environmental documentation,"

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE JOHNSON

TO: Amendment O.31 to CSHB 23(FIN)

1 Page 9, following line 9, of the amendment:

2 Insert a new subsection to read:

3 "(c) All pending procurements of the Knik Arm Bridge and Toll Authority are adopted
4 and may continue as procurements of the Knik Crossing Development Corporation."

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OFFERED IN THE HOUSE

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4 and may continue as procurements of the Knik Crossing Development Corporation."

AMENDMENT

OFFERED IN THE HOUSE
TO: CSHB 23(FIN)

BY REPRESENTATIVE JOHNSON

1 Page 1, lines 1 - 4:

2 Delete all material and insert:

3 **""An Act creating the Knik Crossing Development Corporation as a subsidiary**
4 **corporation of the Alaska Housing Finance Corporation and relating to bonds of the**
5 **Knik Crossing Development Corporation.""**

6

7 Page 1, line 6, through page through 5, line 30:

8 Delete all material and insert:

9 **** Section 1.** AS 18.56.086 is amended by adding a new subsection to read:

10 (b) The corporation shall create the Knik Crossing Development Corporation
11 as a subsidiary corporation. The board shall be the board of directors of the Knik
12 Crossing Development Corporation.

13 *** Sec. 2.** AS 18.56 is amended by adding new sections to read:

14 **Article 2A. Knik Crossing Development Corporation.**

15 **Sec. 18.56.605. Purpose.** (a) The purpose of the Knik Crossing Development
16 Corporation is to develop, stimulate, and advance the economic welfare of the state
17 and further the development of public transportation systems in the vicinity of the
18 Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the
19 Municipality of Anchorage and the Matanuska-Susitna Borough.

20 (b) The Knik Crossing Development Corporation may not be terminated as
21 long as it has bonds, notes, or other obligations outstanding. Upon termination of the
22 Knik Crossing Development Corporation, its rights and property pass to the state.

23 **Sec. 18.56.610. Powers and duties.** (a) In addition to powers granted to the

1 Knik Crossing Development Corporation by the corporation under AS 18.56.086(a),
2 the Knik Crossing Development Corporation may

3 (1) fix and collect fees, rents, tolls, rates, or other charges for the use of
4 the Knik Arm bridge and appurtenant facilities, or for a service developed, operated,
5 or provided by the Knik Crossing Development Corporation; notwithstanding
6 AS 37.10.050(a), fees, rents, tolls, rates, and other charges fixed and collected under
7 this paragraph may exceed the actual operating cost of the use of the bridge, facility,
8 or service;

9 (2) pledge, encumber, transfer, or otherwise obligate revenue derived
10 by the Knik Crossing Development Corporation from the ownership, use, or operation
11 of toll facilities, including fees, rents, tolls, rates, charges, or other revenue of the Knik
12 Crossing Development Corporation or money that the legislature may appropriate,
13 except a state tax or license, as security for bonds or other indebtedness or agreements
14 of the Knik Crossing Development Corporation;

15 (3) perform reconnaissance studies and engineering, survey, and
16 design studies with respect to the Knik Arm bridge and its appurtenant facilities;

17 (4) exercise powers of eminent domain or file a declaration of taking
18 as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 -
19 09.55.460 to acquire land or an interest in land; the Knik Crossing Development
20 Corporation's exercise of powers under this paragraph may not exceed the permissible
21 exercise of those powers by the state;

22 (5) confer with municipal and other governments, metropolitan
23 planning organizations, and the Department of Transportation and Public Facilities,
24 concerning the Knik Arm bridge.

25 (b) The Knik Crossing Development Corporation shall coordinate the exercise
26 of its powers to plan, design, construct, operate, and maintain the Knik Arm bridge
27 with the Department of Transportation and Public Facilities, and with the mayors of the
28 Municipality of Anchorage and the Matanuska-Susitna Borough.

29 **Sec. 18.56.615. Bonds.** (a) The Knik Crossing Development Corporation may
30 issue bonds in an aggregate amount not to exceed \$600,000,000, plus the cost of
31 issuance, in accordance with this chapter in order to build the Knik Arm bridge and its

1 appurtenant facilities. The amount of refunding bonds that may be issued by the Knik
2 Crossing Development Corporation and bond premiums may not be included in the
3 aggregate amount, but may be in addition to the amount authorized under this section.

4 (b) In addition to the security that may be provided to bonds of the Knik
5 Crossing Development Corporation under the powers granted to the Knik Crossing
6 Development Corporation under AS 18.56.086(a), the Knik Crossing Development
7 Corporation may pledge revenue derived by the Knik Crossing Development
8 Corporation from the ownership, use, and operation of its toll facilities, including
9 money derived from the fees, rents, tolls, rates, charges, and other revenue of the Knik
10 Crossing Development Corporation.

11 (c) The Knik Crossing Development Corporation may not issues bonds, or a
12 series of bonds, if the effective interest rate over the life of the bonds exceeds 11
13 percent a year or a rate of interest that is 125 percent of the rate of the Bond Buyer
14 Index of 20 Municipal Bond Average Yields for the week previous to the date of the
15 sale of the bonds, whichever is higher.

16 (d) Notwithstanding any other provisions of this chapter, the trust agreement,
17 or other similar document under which the Knik Crossing Development Corporation
18 issues bonds, must contain an agreement by the Knik Crossing Development
19 Corporation that the Knik Crossing Development Corporation will at all times
20 maintain fees, rents, tolls, rates, or other charges sufficient to

21 (1) pay the costs of operation and maintenance of the Knik Arm bridge
22 and its appurtenant facilities and the principal of and interest on bonds issued under
23 the trust agreement as the bonds severally become due and payable;

24 (2) provide for debt service coverage as considered necessary by the
25 Knik Crossing Development Corporation for the marketing of its bonds; and

26 (3) provide for renewals, replacements, and improvements of the Knik
27 Arm bridge, and to maintain reserves required by the terms of the trust agreement or
28 other similar document.

29 **Sec. 18.56.620. Capital reserve fund.** (a) For the purpose of securing one or
30 more issues of its bonds, the Knik Crossing Development Corporation may establish
31 one or more special funds, called "capital reserve funds," and shall pay into those

1 capital reserve funds the proceeds of the sale of its bonds and any other money that is
2 available to the Knik Crossing Development Corporation for the purposes of those
3 funds. The funds shall be established only if the Knik Crossing Development
4 Corporation determines that the establishment would enhance the marketability of the
5 bonds. All money held in a capital reserve fund, except as provided in this section,
6 shall be used as required solely for the payment of the principal of and interest on
7 bonds or of the sinking fund payments with respect to those bonds, the purchase or
8 redemption of bonds, or the payment of a redemption premium required to be paid
9 when those bonds are redeemed before maturity. However, money in a fund may not
10 be withdrawn from the fund at any time in an amount that would reduce the amount of
11 the fund to less than the capital reserve requirement set out in (b) of this section,
12 except for the purpose of making, with respect to those bonds, payment, when due, of
13 principal, interest, redemption premiums, and the sinking fund payments for the
14 payment of which other money of the Knik Crossing Development Corporation is not
15 available. Income or interest earned by or increment to a capital reserve fund due to
16 the investment of the fund or any other amounts in the fund may be transferred by the
17 Knik Crossing Development Corporation to other funds or accounts of the Knik
18 Crossing Development Corporation to the extent that the transfer does not reduce the
19 amount of the capital reserve fund below the capital reserve fund requirement.

20 (b) If the Knik Crossing Development Corporation decides to issue bonds
21 secured by a capital reserve fund, the bonds may not be issued if the amount in the
22 capital reserve fund is less than the amount of the capital reserve fund requirement, if
23 any, established by resolution of the Knik Crossing Development Corporation, unless
24 the Knik Crossing Development Corporation, at the time of issuance of the
25 obligations, deposits in the capital reserve fund from the proceeds of the obligations to
26 be issued or from other sources an amount that, together with the amount then in the
27 fund, will not be less than the capital reserve fund requirement.

28 (c) In computing the amount of a capital reserve fund for the purpose of this
29 section, securities in which all or a portion of the fund is invested shall be valued by
30 some reasonable method established by the Knik Crossing Development Corporation
31 by resolution. Valuation on a particular date shall include the amount of any interest

1 earned or accrued to that date.

2 (d) Notwithstanding any other provision of law, the Knik Crossing
3 Development Corporation may establish other funds and reserves as the board of
4 directors may determine reasonable and prudent for the issuance of bonds or for the
5 conduct of the business and affairs of the Knik Crossing Development Corporation.
6 Deposits made into the reserve fund established under this section must include

7 (1) revenue derived by the Knik Crossing Development Corporation
8 from the ownership, use, or operation of toll facilities, including fees, rents, tolls,
9 rates, charges, or other revenue of the Knik Crossing Development Corporation;

10 (2) money that the legislature has appropriated for that purpose; and

11 (3) other money that may be made available to the Knik Crossing
12 Development Corporation from other sources.

13 (e) Money in a reserve fund established under (d) of this section

14 (1) shall be used only for

15 (A) the payment of monetary obligations, liabilities, and
16 indebtedness of the Knik Crossing Development Corporation, including
17 termination payment obligations, under agreements for the financing, design,
18 construction, maintenance, improvement, or operation of facilities, properties,
19 or projects of the Knik Crossing Development Corporation;

20 (B) the performance of the Knik Crossing Development
21 Corporation's statutory functions, including the Knik Crossing Development
22 Corporation's overhead and administrative costs and working capital; and

23 (C) planning, permitting, design, acquisition, construction,
24 maintenance, improvement, or operation of transportation-related projects,
25 facilities, properties, systems, or equipment of the Knik Crossing Development
26 Corporation or other public entities, including expansions, extensions, and
27 capacity improvements, eligible under applicable federal and state law to be
28 funded from toll revenue;

29 (2) may not be used for the purpose of planning, permitting, design,
30 acquisition, construction, maintenance, improvement, or operation of projects,
31 facilities, properties, systems, or equipment under (1)(C) of this subsection if the

1 withdrawal would reduce the amount in the reserve fund to less than the reserve fund
2 requirement.

3 (f) In computing the amount of a reserve fund established under (d) of this
4 section, securities in which all or a portion of the fund is invested shall be valued by a
5 reasonable method established by the Knik Crossing Development Corporation by
6 resolution or established by the terms of the agreement for which the fund serves as
7 security. Valuation must include the amount of interest earned or accrued as of the
8 date of the valuation.

9 (g) The chair of the board shall annually, not later than December 1, certify in
10 writing to the governor and the legislature the amount, if any, required to restore a
11 reserve fund established under (d) of this section to the reserve fund requirement. The
12 legislature may appropriate to the Knik Crossing Development Corporation the
13 amount certified by the chair of the board that is needed to restore a reserve fund to the
14 reserve fund requirement. [The duty of the chair of the board to report annually to the
15 governor and the legislature terminates upon the cumulative appropriation to the Knik
16 Crossing Development Corporation, after January 1, 2013, of \$1,140,000,000.]

17 (h) In this section, "reserve fund requirement" means the amount required to
18 be on deposit in a reserve fund established under (d) of this section as of the date of
19 computation, as determined by resolution of the Knik Crossing Development
20 Corporation or by the terms of the agreement for which the fund serves as security.

21 **Sec. 18.56.625. Exemption from taxation.** The real and personal property of
22 the Knik Crossing Development Corporation and its assets, income, and receipts are
23 declared to be the property of a political subdivision of the state and are exempt from
24 all taxes and special assessments of the state or a political subdivision of the state.
25 Notwithstanding any law to the contrary, rights and interests in real and personal
26 property, assets, income, and receipts, including concession, franchise, leasehold, or
27 other real or personal property rights and interests, held by a private person or
28 enterprise under a public-private partnership agreement entered into under this
29 chapter, except any rights and interests of the private person in property serving a
30 business, commercial, or other purpose not necessary to operate the facilities,
31 properties, or projects of the Knik Crossing Development Corporation, shall be

1 exempt from all ad valorem taxes on real or personal property and special property tax
 2 assessments of the state or a political subdivision of the state. All bonds of the Knik
 3 Crossing Development Corporation are declared to be issued by a political subdivision
 4 of the state and for an essential public and governmental purpose. The bonds, the
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 6 assets, income, and receipts pledged to pay or secure the payment of the bonds or
 7 interest on the bonds are, at all times, exempt from taxation by or under the authority
 8 of the state, except for inheritance and estate taxes and taxes on transfers by or in
 9 contemplation of death. Nothing in this section affects or limits an exemption from
 10 license fees, property taxes, or excise, income, or other taxes provided under any other
 11 law.

12 **Sec. 18.56.630. Exemption from local regulation.** Notwithstanding any
 13 contrary provision of law, the activities of the Knik Crossing Development
 14 Corporation are exempt from land use planning, zoning, permitting, or other similar
 15 governmental powers of political subdivisions of the state.

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 17 facility owned, controlled, or managed by the Knik Crossing Development
 18 Corporation for which a toll or fee is imposed is liable for the payment of the toll or
 19 fee solely because of the vehicle ownership, unless the vehicle, except a rental vehicle,
 20 is used without the owner's knowledge and incurs the toll or fee during operation.

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22 (f) The board of directors of the Alaska Housing Finance Corporation,
 23 notwithstanding AS 18.56.088, **and** the membership of the Alaska Industrial
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 27 (Administrative Procedure Act), and the board of trustees of the Alaska Retirement
 28 Management Board shall adopt regulations under AS 37.10.240, to govern the
 29 procurement of supplies, services, professional services, and construction for the
 30 respective public corporation and board. The regulations must reflect competitive
 31 bidding principles and provide vendors reasonable and equitable opportunities to

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 2 emergency and extraordinary circumstances. Notwithstanding the other provisions of
 3 this subsection, the Alaska Housing Finance Corporation, the Alaska Industrial
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 16 19.75.261, 19.75.271, 19.75.281, 19.75.291, 19.75.301, 19.75.311, 19.75.321, 19.75.330,
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 22 indebtedness, ^B obligations, liabilities, commitments, investments, leases, real and personal
 23 property, lines of credit, gifts, grants, loans, fees, rents, tolls, civil actions, revenue, funds,
 24 insurance, permits, licenses, studies, and intellectual property of the Knik Arm Bridge and
 25 Toll Authority are transferred ^(to) and ^{may be} assumed by the Knik Crossing Development
 26 Corporation. Nothing in this section creates a liability or obligation of the Alaska Housing
 27 Finance Corporation.

28 (b) For one year following the effective date of this Act, the members of the board of
 29 directors for the Knik Arm Bridge and Toll Authority on the day before the effective date of
 30 this Act shall serve as a nonvoting advisory board to the board of directors of the Knik
 31 Crossing Development Corporation. While serving as a nonvoting advisory board under this

1 subsection, the members of the board of directors of the Knik Arm Bridge and Toll Authority
2 shall serve without compensation but are entitled to per diem and travel expenses as provided
3 by the Alaska Housing Finance Corporation."