

LEG. FINANCE - BILLS 1983 - 1984 1970

CSHB 661 cont. 1970

1 with bondholders;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of the authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (B) the project applicant is financially responsible;

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

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

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

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

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

28 and

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

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

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

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

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

18 (5) "project" means

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

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

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

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

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

11 (C) commercial activity by a small enterprise;

12 \* Sec. 10. In addition to any other authorization to issue bonds or  
13 notes, the authority may issue bonds in a principal amount not to exceed  
14 \$20,000,000 to assist in the acquisition, financing, or operation of proj-  
15 ects under AS 44.8b.172, enacted by sec. 6 of this Act.

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

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

~~Fischer~~

by Fischer

AMENDMENT TO CS HB 661 (Transp)

page 8, line 29. Amend Sec. 37.15.730 to read:

KNIK ARM CROSSING. Notwithstanding the provisions of AS 37.15.720 the first state toll facility to be constructed is the Knik Arm Crossing near Anchorage[.] if the following conditions are met:

(1) the department submits to the governor and the legislature a feasibility study that finds that the crossing is financially feasible and able to produce revenue adequate to repay the bonds with which it is financed;

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

(3) the office of management and budget reviews the feasibility study and the finance plan, if required, and reports its findings and recommendations to the governor and legislature not later than 90 days after the study and plan are received by the office.

5/21/84

Department of Transportation and Public Facilities  
Department of Commerce and Economic Development

Draft SCS CSHB 661 (Fin)  
Section By Section Analysis

MAY 22 1984

"An Act authorizing the construction of the Knik Arm Crossing and relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority."

Sec. 37.15.610 BOND AUTHORIZATION - Provides authority to sell up to \$500,000,000 in revenue bonds for toll bridge and highway construction. This authority can only be used if projects can demonstrate, through a "bond test," the ability to repay the borrowing with project revenues.

Sec. 37.15.620 to 640 CONSTRUCTION, REVENUE, BOND REDEMPTION FUNDS - These funds operate to handle project funds in a way recognized to be acceptable to both the State and bond buyers.

Sec. 37.15.650 BOND TERMS - The terms and conditions of bond sale affect the marketability of the issue. Contents of this section define the terms and conditions in law to be cited in the bond issue. The model follows the airport revenue fund which has been used successfully for a number of issues.

Sec. 37.15.660 BOND RESOLUTION - The resolution is another procedural step that fixes the principal amount, denomination, date, maturities, place of payment, rights of redemption, terms, forms, conditions, and covenants of the bonds.

Sec. 37.15.670 ENFORCEMENT BY HOLDER - This section informs the bondholder of his rights if there is a breach of bond conditions.

Sec. 37.15.680 AMOUNTS REQUIRED FOR PAYMENTS - Payments to bondholders will be made in the manner prescribed in this section.

Sec. 37.15.690 BOND NEGOTIABILITY - This says bonds are negotiable instruments.

Sec. 37.15.700 REFUNDING - An outstanding issue may be retired by replacing it with a new issue. The object of refunding may be to save interest cost, extend the maturity of the debt, or to relax or remove restrictive covenants.

Sec. 37.15.710 BONDS AS LEGAL INVESTMENTS - This identifies the bonds as legal investments for trust companies, savings banks, savings and loan associations and other likely buyers of the issues.

Section By Section Analysis

Sec. 37.15.720 STATE TOLL FACILITIES - The types of facilities to which the legislation applies are bridges, highways, roads, crossings, and causeways.

Sec. 37.15.730 KNIK ARM CROSSING - The Legislature, through this section, identifies the first priority project for toll revenue financing.

PROPOSED REVISION: Notwithstanding the provisions of AS 37.15.720 the first State toll facility to be financed under this article is the Knik Arm Crossing near Anchorage.

Sec. 37.15.740 TOLL FACILITY CHARGES - Provides the method for setting toll facility charges at the level required by covenants in the bond resolution.

Sec. 37.15.750 STATUTORY CONSTRUCTION - This tells bondholders that state laws will be interpreted as broadly as possible in their favor.

Sec. 37.15.760 DEFINITIONS - Defines terms used in writing in the statute.

Sec. 19.05.040 POWERS OF DEPARTMENT - Adds to the powers of the Department of Transportation and Public Facilities toll collection for State roads, highways, bridges, crossings, and causeways.

Sec. 3. AS 44.88.010(a)(5). This section amends the policy statement of the authority to broaden the range of projects that can be financed through the authority as well as allowing the authority to own and operate facilities.

Sec. 4. AS 44.88.070. This section amends the purpose of the authority to allow ownership and operation of certain specified facilities.

Sec. 5. AS 44.88.080(14). This section amends the list of powers of the authority, to allow the authority to own and operate projects if it serves a public purpose, rather than just in the case of a default.

Sec. 6. AS 44.88.080. This section adds a new paragraph to the authority's list of powers, which permits the authority to levy fees and charges for use of facilities owned by the authority.

Sec. 7. AS 44.88.105. This section allows the authority to waive certain provisions when financing projects the authority intends to own. These waivers permit the authority to establish capital reserve funds for projects costing more than \$10 million, and to not require a 20% bank participation on these projects. However, the authority may not establish a capital reserve fund for a project that would entail the State's "moral obligation" if the State were going to use a majority of the project.

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AS 14

## Section By Section Analysis

Sec. 8. AS 44.88.15b. This section allows the authority to waive provisions of the Enterprise Development Funds if it is used to finance projects owned by the authority.

Sec. 9. This section does the following:

Sec. 44.88.172. It establishes the Economic Development Fund, which can only be used to finance and operate projects which the authority intends to own and operate.

Sec. 44.88.173. FINANCE PLAN. This requires the authority to prepare a finance plan before financing a project under the Economic Development Fund. The finance plan must contain an estimate of total capital cost and operational cost of a project, and must identify the source of funds for these costs. It also requires the authority to give preference to projects which do not require financial assistance.

PROPOSED AMENDMENT. Sec. 44.88.173(c) should be amended by deleting the last sentence: If a project requires financial assistance from the State, the State financial assistance must be available before bonds are issued for the project.

This wording could be interpreted such that total funding for a project must be appropriated before bonds for any segment of the project can be issued. Typically on a major project, funds are appropriated over several years and bonds are issued for the various segments of the project for which the funds have been appropriated.

Sec. 44.88.174. It establishes Regional Development Advisory Councils. These councils may be established in the unorganized borough along the boundaries of regional housing authorities. The councils each consist of five members from the relevant area appointed by the Governor. A council shall be organized only after the authority receives a project proposal for its areas.

Sec. 44.88.175(a). It establishes the requirement that the authority must obtain approval from the relevant Regional Development Advisory Council or municipality before any project in their area which costs in excess of \$10 million can be financed with the Economic Development Fund.

Sec. 44.88.175(b). Before issuing any bonds to finance a project using the Economic Development Fund, the authority must make various findings, including that the project is advantageous to the State and financially feasible.

## Section By Section Analysis

Sec. 44.88.176. Before a Regional Development Advisory Council or municipality can provide approval for projects referenced in this section, it must hold a public hearing within its area.

Sec. 44.88.177. It requires that the authority solicit the review of the relevant council or municipality for any project owned and operated by the authority within their area.

Sec. 10. AS 44.88.220(5). This section amends the definition list of eligible projects that the authority may provide financing for. The authority may only own and operate projects that are listed in this section.

Sec. 11. Adds intent to minimize State financial assistance.

PROPOSED AMENDMENT. Sec. 11 should be renumbered to Section 12 and a new section 11 should be added to read: In addition to any other authorization to issue bonds or notes, the authority may issue bonds in a principal amount not to exceed \$20,000,000 to assist in the acquisition, financing, or operation of projects under AS 44.88.172, enacted by Sec. 6 of this Act.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

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

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

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

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

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

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

1 fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

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

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

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

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

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

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

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

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

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

1 construction fund created by AS 37.15.620;

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

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

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

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

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

1 purpose of AS 19.05 - 19.25.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (1) to sue and be sued;

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

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

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

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

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

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

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

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

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

1 with bondholders;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of the authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (B) the project applicant is financially responsible;

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

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

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

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

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

28 and

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

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

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

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

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

18 (5) "project" means

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

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

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

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

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

11 (C) commercial activity by a small enterprise;

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

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

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

# Alaska State Legislature

OFFICIAL BUSINESS

CHAIRMAN  
RULES COMMITTEE



JAN FAIKS  
POUCH V  
CAPITOL BUILDING  
JUNEAU, ALASKA 99811

Senate

## MEMORANDUM

TO: ~~4~~ Members  
Senate Finance Committee

FROM: Senator Jan Faiks

RE: CSHB 661 (Trans)

DATE: May 23, 1984

Section 1. Adds a new article to the State Bonding Act-Toll Facilities Revenue Bonds

### Bond Authorization

Sale of revenue bonds in the amount of \$500,000,000 is authorized to acquire, construct, and maintain toll bridges, highways, roads, crossings and causeways. Principal and interest is to be paid out of gross revenues derived from these toll facilities.

### Construction Fund

This fund is for the deposit of proceeds of the sale of bonds and any grant money, but not interest paid. Money is to be used for acquiring and constructing facilities. Money may be invested and the interest deposited into the construction fund.

### Revenue Fund.

All fees and tolls must be deposited in this fund. Money in this fund shall be used to pay principal and interest on revenue bonds, pay the costs of maintaining facilities, repairs, additions, and improvements. The money may be invested as the state bond committee determines.

### Bond Redemption Fund

Contains money for paying and securing the payment of principal and interest on bonds. Money shall be appropriated from the revenue fund to make the payments as they become due.

### Bond Terms

Bond committee must sell bonds to the highest responsible bidder. Interest rate may not exceed 11% per year or 125% of the rate of the Bond Buyer Index of the 20 municipal bond average yields for the prior week, whichever is higher. Bond is not subject to redemption before its fixed maturity date unless so stated on the face of the bond.

#### Bond Resolution

The bond committee must adopt the bond resolution and prepare all documents necessary for the sale of bonds.

#### Enforcement By Holder

The holder of any bonds may access the courts of the states to compel the enforcement of all terms and covenants.

#### Amounts Required for Payments

The committee must advise the Commissioner of Revenue of the amounts required in the next year to be paid out of the revenue fund into the bond redemption fund.

#### Bond Negotiability

Bonds and coupons are negotiable instruments.

#### Refunding

Bonds may be refunded at maturity at the committee's discretion.

#### Bonds as Legal Instruments

Bonds are legal investments and may be accepted as security.

#### State Toll Facilities

The state is authorized to acquire, construct, and maintain causeways.

#### Knik Arm Crossing

The first state toll facility will be the Knik Arm Crossing.

#### Toll Facility Charges

The Commissioner of DOT/PF shall fix and collect fees.

#### Statutory Construction

All conflicting laws are superceded in order to carry out the purposes of this legislation.

## Definitions

### Section 2.

Adds a new section to the Powers of the Department of Transportation/Public Facilities.

The list of powers and duties of DOT/PF is expanded to include the power to levy and collect tolls and fees.

5/21/84

Department of Transportation and Public Facilities  
Department of Commerce and Economic Development

Draft SCS CSHB 661 (Fin)  
Section By Section Analysis

MAY 22 1984

"An Act authorizing the construction of the Knik Arm Crossing and relating to the acquisition, construction, equipping, and maintenance of toll facilities funded by revenue bonds and providing toll collection authority."

Sec. 37.15.610 BOND AUTHORIZATION - Provides authority to sell up to \$500,000,000 in revenue bonds for toll bridge and highway construction. This authority can only be used if projects can demonstrate, through a "bond test," the ability to repay the borrowing with project revenues.

Sec. 37.15.620 to 640 CONSTRUCTION, REVENUE, BOND REDEMPTION FUNDS - These funds operate to handle project funds in a way recognized to be acceptable to both the State and bond buyers.

Sec. 37.15.650 BOND TERMS - The terms and conditions of bond sale affect the marketability of the issue. Contents of this section define the terms and conditions in law to be cited in the bond issue. The model follows the airport revenue fund which has been used successfully for a number of issues.

Sec. 37.15.660 BOND RESOLUTION - The resolution is another procedural step that fixes the principal amount, denomination, date, maturities, place of payment, rights of redemption, terms, forms, conditions, and covenants of the bonds.

Sec. 37.15.670 ENFORCEMENT BY HOLDER - This section informs the bondholder of his rights if there is a breach of bond conditions.

Sec. 37.15.680 AMOUNTS REQUIRED FOR PAYMENTS - Payments to bondholders will be made in the manner prescribed in this section.

Sec. 37.15.690 BOND NEGOTIABILITY - This says bonds are negotiable instruments.

Sec. 37.15.700 REFUNDING - An outstanding issue may be retired by replacing it with a new issue. The object of refunding may be to save interest cost, extend the maturity of the debt, or to relax or remove restrictive covenants.

Sec. 37.15.710 BONDS AS LEGAL INVESTMENTS - This identifies the bonds as legal investments for trust companies, savings banks, savings and loan associations and other likely buyers of the issues.

## Section By Section Analysis

Sec. 37.15.720 STATE TOLL FACILITIES - The types of facilities to which the legislation applies are bridges, highways, roads, crossings, and causeways.

Sec. 37.15.730 KNIK ARM CROSSING - The Legislature, through this section, identifies the first priority project for toll revenue financing.

PROPOSED REVISION: Notwithstanding the provisions of AS 37.15.720 the first State toll facility to be financed under this article is the Knik Arm Crossing near Anchorage.

Sec. 37.15.740 TOLL FACILITY CHARGES - Provides the method for setting toll facility charges at the level required by covenants in the bond resolution.

Sec. 37.15.750 STATUTORY CONSTRUCTION - This tells bondholders that state laws will be interpreted as broadly as possible in their favor.

Sec. 37.15.760 DEFINITIONS - Defines terms used in writing in the statute.

Sec. 19.05.040 POWERS OF DEPARTMENT - Adds to the powers of the Department of Transportation and Public Facilities toll collection for State roads, highways, bridges, crossings, and causeways.

Sec. 3. AS 44.88.010(a)(5). This section amends the policy statement of the authority to broaden the range of projects that can be financed through the authority as well as allowing the authority to own and operate facilities.

Sec. 4. AS 44.88.070. This section amends the purpose of the authority to allow ownership and operation of certain specified facilities.

Sec. 5. AS 44.88.080(14). This section amends the list of powers of the authority, to allow the authority to own and operate projects if it serves a public purpose, rather than just in the case of a default.

Sec. 6. AS 44.88.080. This section adds a new paragraph to the authority's list of powers, which permits the authority to levy fees and charges for use of facilities owned by the authority.

Sec. 7. AS 44.88.105. This section allows the authority to waive certain provisions when financing projects the authority intends to own. These waivers permit the authority to establish capital reserve funds for projects costing more than \$10 million, and to not require a 20% bank participation on these projects. However, the authority may not establish a capital reserve fund for a project that would entail the State's "moral obligation" if the State were going to use a majority of the project.

## Section By Section Analysis

Sec. 8. AS 44.88.15b. This section allows the authority to waive provisions of the Enterprise Development Funds if it is used to finance projects owned by the authority.

Sec. 9. This section does the following:

Sec. 44.88.172. It establishes the Economic Development Fund, which can only be used to finance and operate projects which the authority intends to own and operate.

Sec. 44.88.173. FINANCE PLAN. This requires the authority to prepare a finance plan before financing a project under the Economic Development Fund. The finance plan must contain an estimate of total capital cost and operational cost of a project, and must identify the source of funds for these costs. It also requires the authority to give preference to projects which do not require financial assistance.

PROPOSED AMENDMENT. Sec. 44.88.173(c) should be amended by deleting the last sentence: If a project requires financial assistance from the State, the State financial assistance must be available before bonds are issued for the project.

This wording could be interpreted such that total funding for a project must be appropriated before bonds for any segment of the project can be issued. Typically on a major project, funds are appropriated over several years and bonds are issued for the various segments of the project for which the funds have been appropriated.

Sec. 44.88.174. It establishes Regional Development Advisory Councils. These councils may be established in the unorganized borough along the boundaries of regional housing authorities. The councils each consist of five members from the relevant area appointed by the Governor. A council shall be organized only after the authority receives a project proposal for its areas.

Sec. 44.88.175(a). It establishes the requirement that the authority must obtain approval from the relevant Regional Development Advisory Council or municipality before any project in their area which costs in excess of \$10 million can be financed with the Economic Development Fund.

Sec. 44.88.175(b). Before issuing any bonds to finance a project using the Economic Development Fund, the authority must make various findings, including that the project is advantageous to the State and financially feasible.

## Section By Section Analysis

Sec. 44.88.176. Before a Regional Development Advisory Council or municipality can provide approval for projects referenced in this section, it must hold a public hearing within its area.

Sec. 44.88.177. It requires that the authority solicit the review of the relevant council or municipality for any project owned and operated by the authority within their area.

Sec. 10. AS 44.88.220(5). This section amends the definition list of eligible projects that the authority may provide financing for. The authority may only own and operate projects that are listed in this section.

Sec. 11. Adds intent to minimize State financial assistance.

PROPOSED AMENDMENT. Sec. 11 should be renumbered to Section 12 and a new section 11 should be added to read: In addition to any other authorization to issue bonds or notes, the authority may issue bonds in a principal amount not to exceed \$20,000,000 to assist in the acquisition, financing, or operation of projects under AS 44.88.172, enacted by Sec. 6 of this Act.

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

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

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

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

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

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

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

1 fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

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

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

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

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

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

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

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

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

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

1 construction fund created by AS 37.15.620;

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

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

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

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

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

1 purpose of AS 19.05 - 19.25.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (1) to sue and be sued;

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

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

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

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

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

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

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

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

29 (10) to deposit or invest its funds, subject to agreements  
30

1 with bondholders;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 of the authority.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (B) the project applicant is financially responsible;

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

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

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

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

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

28 and

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

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

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

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

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

18 (5) "project" means

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

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

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

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

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

11 (C) commercial activity by a small enterprise;

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

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

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

COMMITTEE REPORT  
SENATE

FURTHER: FINANCE

4/30/84

Date \_\_\_\_\_

Mr. President

*Waived*

The Committee on TRANSPORTATION considered CSHB 661(Trsp)

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

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for \_\_\_\_\_
- new title
- same title and recommends \_\_\_\_\_
- and attached a "LETTER OF INTENT"  NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS

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Chairman \_\_\_\_\_

Chairman recommendation \_\_\_\_\_

Offered: 4/12/84  
Referred: Finance

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE  
2 CS FOR HOUSE BILL NO. 661 (Transportation)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 THIRTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL

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

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

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

13 ARTICLE 4. TOLL FACILITIES REVENUE BONDS.

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

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

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

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

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

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

1 fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 Sec. 37.15.730. KNIK ARM CROSSING. Notwithstanding the

1 provisions of AS 37.15.720 the first state toll facility to be con-  
2 structed is the Knik Arm Crossing near Anchorage.

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

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

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

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

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

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

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

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

1 construction fund created by AS 37.15.620;

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

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

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

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

10 (1) acquire property;

11 (2) exercise the power of eminent domain;

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

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

15 (5) control access to highways;

16 (6) regulate roadside development;

17 (7) preserve and maintain the scenic beauty along state  
18 highways;

19 (8) dispose of property acquired for highway purposes;

20 (9) accept and dispose of federal funds or property avail-  
21 able for highway construction, maintenance, or equipment;

22 (10) enter into contracts or agreements relating to highways  
23 with the federal government, municipalities, a political subdivision,  
24 or with a foreign government, if the contract is approved by the  
25 federal government; [AND]

26 (11) establish, levy, and collect tolls, fees, charges, and  
27 rentals for the use of state roads, highways, bridges, crossings, and  
28 causeways; and

29 (12) exercise any other power necessary to carry out the

1        purpose of AS 19.05 - 19.25.



# **KNIK ARM CROSSING**

**Presentation**

to the

**Governor**

and the

**Legislature**

**March 1984**

LEGISLATIVE ASSIGNMENT

Highway Crossing of Knik Arm with Connections to Parks & Glenn  
Highways

- Design Criteria
- Environmental Assessment
- Right-of Way Studies
- Location Selection
- Preliminary Design & Cost Estimates

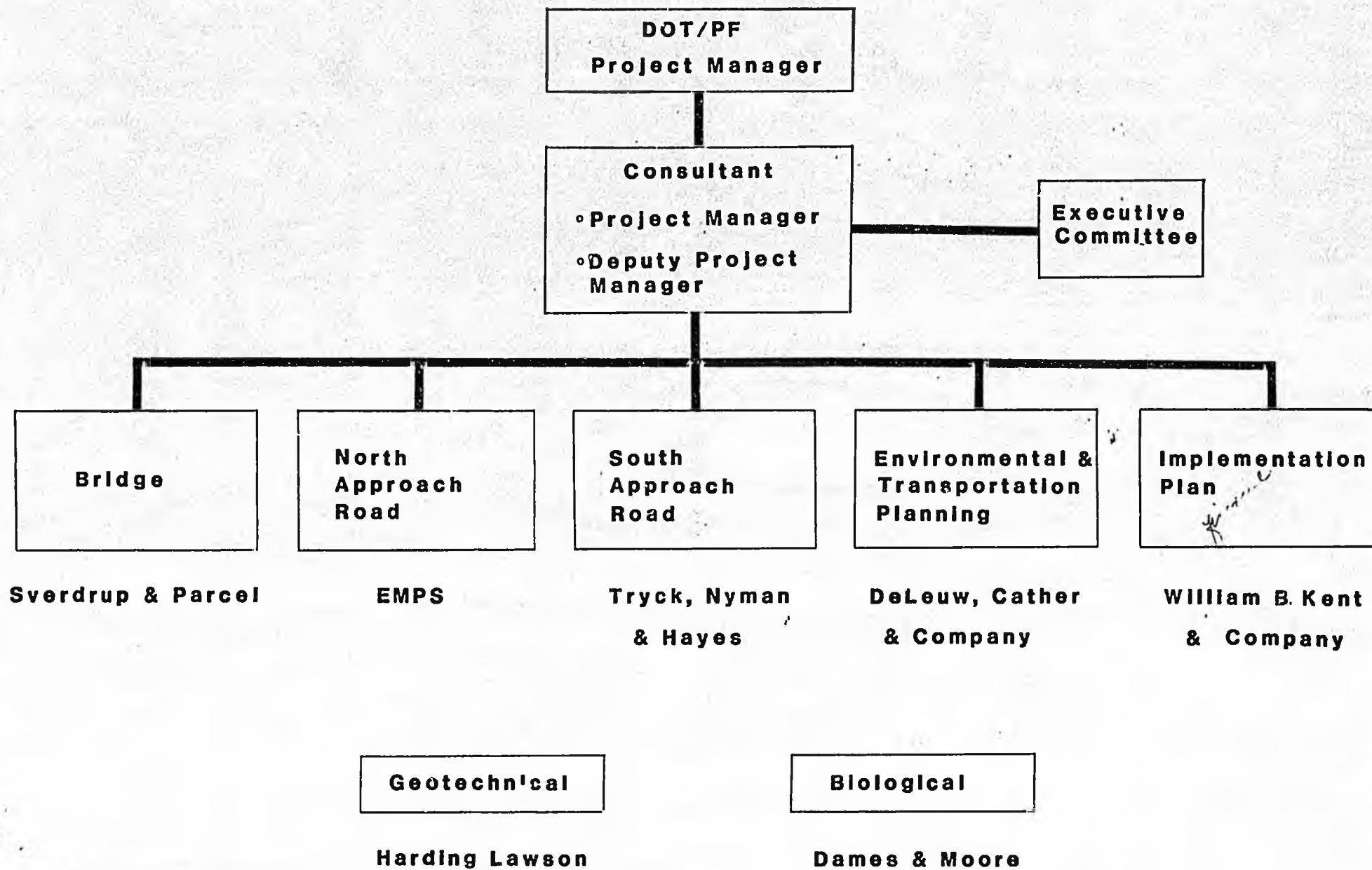
BUDGET

- |                          |               |
|--------------------------|---------------|
| ◦ 1981 Appropriation     | \$5.5 million |
| ◦ Consultant Contract    | \$4.5 million |
| ◦ Balance (January 1984) | \$3.0 million |
| ◦ FY 85 Request          | \$5.4 million |

PROJECT RESOURCES (DOT/PF)

- Total Department Resources
  - Contract Administration & Accounting
  - Planning
  - Environmental Coordination
  - Surveys
  - Right-of Way
  - Utilities
  - Materials & Geology
  - Legislative Liaison
- Director
  - Major Projects Management Division
- Project Manager
  - Leads Department & Consulting Team

# Consultant Resources



AGENCIES

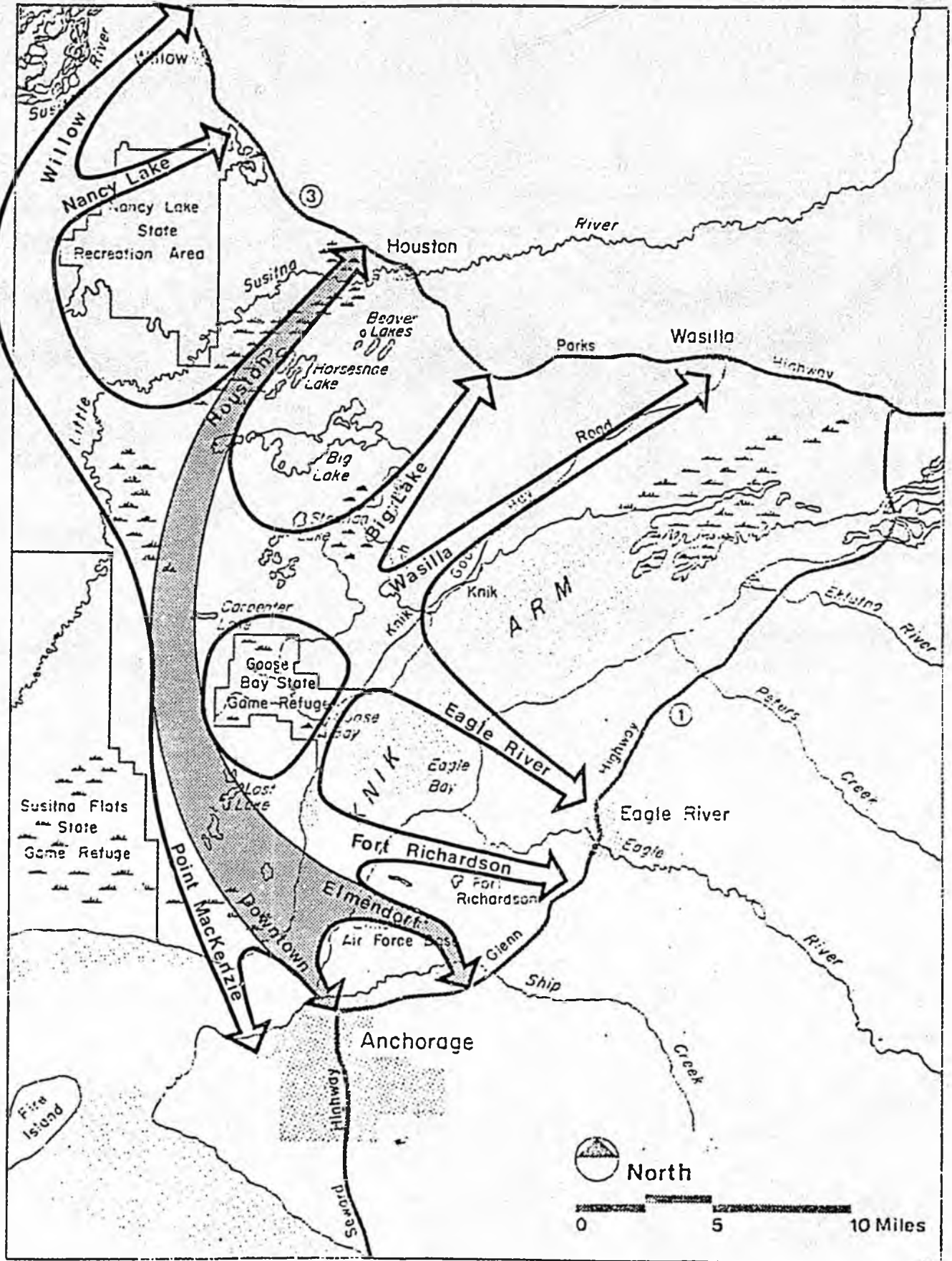
- Steering Committee
  - ADOT/PF
  - Municipality of Anchorage
  - Matanuska-Susitna Borough
  - Military (Air Force, Army, Navy)
  - Alaska Railroad
- Federal Agencies
  - ARR            FHWA            EPA
  - BLM            DOA            USAF
  - COE            DOC            USCG
  - FAA            DOI            USF&W
- State Agencies
  - Dept. of Comm. & Reg. Affairs
  - Dept. of Envir. Conservation
  - Dept. of Fish & Game
  - Dept. of Natural Resources
  - OMB - Div. of Strategic Planning
  - UAA - Inst. of Soc. & Eco. Research

WORK COMPLETED

- Scoping *Public Participation*  
*Environmental*
- Economic Feasibility Report
- Corridor Alternatives Analysis - *Final*
- Alignments Definition-

WORK UNDERWAY

- Conceptual Design
- Environmental Impact Statement *late May*
- Geotechnical Investigations *2nd summer*
- Implementation Plan *need resources for execution*
- Right-of-Way Evaluation
- Bid Documents - Crossing *1st bid and 2nd*



CROSSING ALTERNATIVES

Downtown Project

- Seward Connector
- Downtown Crossing
- Houston Connector  
Segment 1  
Segment 2

Elmendorf Project

- Glenn Connector
- Elmendorf Crossing
- Houston Connector  
Segment 1  
Segment 2

NO-CROSSING ALTERNATIVES *EIS Repair is no. 1 alt.*

- No Action Option  
Other Transportation Plans of DOT, AMATS, & Mat-Su
- Transit Option  
2 Hovercraft
- Low Capital Option  
Additional Glenn & Parks Highway  
Improvements

ALASKA RAILROAD

- Possible for either Downtown or Elmendorf
- Costs to Accomodate Future Rail on Highway Bridge  
\$50 million to \$100 million *Budget strong in up to carry RR  
45-20 yrs. from now*
- Railroad Related Activities in Progress  
Conceptual Design & Cost Estimates  
Environmental Assessment  
Right-of-Way Studies
- Railroad Financing
- Separate Bridge - *Concept design for consideration*
- Decision Timing
- Finance/Design/Build RR Crossing  
Separate Project of Alaska Railroad

ESTIMATED COSTS  
Millions of 1983 Dollars

DOES NOT  
INCLUDE MILITARY  
RELOCATION  
COSTS.

	Downtown Project				Period	Elmendorf Project			
	Design	ROW	Constr.	Total		Design	ROW	Constr.	Total
Anchorage Connector	12.0	2.0	80.0	94.0	2000-2001	2.1	1.0	14.3	17.3
<i>Bridge</i> Highway Crossing	18.4	1.0	530.3	549.7	1986-1990	15.0	0.3	358.5	373.8
Mat-Su Connector									
* Segment 1	1.3	0.0	24.5	25.8	1989-	1.3	0.0	24.5	25.8
* Segment 2	1.6	2.3	23.0	27.0	1990	1.6	2.3	23.0	27.0
Total	33.3	5.3	657.8	696.5	1986-2001	20.0	3.6	420.3	443.9

Note: Does not include cost of strengthening bridge for Alaska Railroad (\$50 to \$100 million).

FINANCING ALTERNATIVES

- Connectors
  - 90% Federal
  - 10% State
  
- Crossing
  - Toll Revenue Bonds
  - Private Venture
  - Land Sales
  - Local Improvement District
  - State Appropriation
  - Combination

**Comments on the applicability of CSHB 661 to financing the Knik Arm Crossing.**

1. DOT&PF Position and Perspectives on CSHB 661
2. Summary of Briefing Materials
3. Correspondence from private firms that have expressed interest in financing the Knik Arm Crossing (These letters were requested by the House Transportation Committee on March 28, 1984).

Presented to House Transportation Committee  
April 5, 1984  
John B. Olson  
Telephone 266-1447

## DOT&PF Position and Perspectives on CSHB 661

### BACKGROUND

The original HB 661 was submitted to accomplish two purposes:

1. Provide DOT&PF the authority to sell revenue bonds to finance toll bridges and highways; and
2. Authorize DOT&PF to collect tolls on bridges and highways to make principal and interest payments on the revenue bonds.

The bill was introduced to provide a financing mechanism for the Knik Arm Crossing. A framework approach was taken on advice of the Attorney General's office, recognizing the State Constitution's requirements to avoid legislation specific to a location or region. We also wanted to preserve the option to recommend the mechanism for future revenue producing highway or bridge projects.

The bill is modeled after the revenue bond provisions of the Airport Revenue Fund. The model was used because it is known to the legislature, and has a good track record to present to bond underwriters and rating organizations.

### DEPARTMENT POSITION ON CSHB 661

The DOT&PF continues to recommend a framework concept for bills like HB 661. However, we recognize the committee substitute to be a reasonable bill that addresses concerns expressed by legislators. We, therefore, support the committee substitute and recommend its passage.

### APPLICATION TO KNIK ARM CROSSING

The bill provides a mechanism for applying the toll revenue stream expected from the Knik Arm Crossing to the construction of the facility. This mechanism will be considered, along with other financing approaches, in an implementation plan to be presented to the legislature next year. We expect the implementation plan will lead to the legislative direction needed to construct the crossing. No sales of revenue bonds or other related action will be taken before the next legislative session. DOT&PF staff will be working with legislators to exchange information prior to finalizing our recommendations and presenting the implementation package to the legislature.

### APPLICATION TO OTHER PROJECTS

If the Knik Arm Crossing uses the revenue bond sales concept outlined in CSHB 661, the mechanism will be available for other projects. (The bill requires application to the Knik Arm Crossing before any other project.) It should be recognized that bridge and highway projects that can generate revenues in excess of their operations and maintenance costs are quite unique in Alaska. To the extent such projects are identified in the future (we have none to suggest at this time) the legislature would play an active role in their development and financing.

Presented to the House Transportation Committee, April 5, 1984

## KNIK ARM CROSSING - FINANCING

### 1. Financing Choices

- Pay Cash
- Borrow
- Save
- Get Equity Partner
- Combination of Above

### 2. Pay Cash

- Appropriation
  - Lump Sum
  - By Component
- Federal Funds
  - Highway Matching Funds
  - Connecting Roads Only
- Raise Cash
  - Land Sales/Exchanges

### 3. Borrow

- General Obligation Bond
  - Full Faith and Credit Pledge
  - Lowest Cost Borrowing
- Revenue Bonds (CSHB 661)
  - DOT&PF to Collect Tolls
  - Tolls Pledged to Retire Debt
- Private Lending Sources
  - Available Through Equity Partnerships

4. Save

- Allows Cash Payments
- Major Projects Fund (Or Other "Savings Account" Approach)
  - Toll Revenues Returned to Fund
  - O&M From Account in Major Projects Fund or General Fund
- General Fund (G.F.)
  - Annual Appropriation to G.F. Account
  - Build By Components
  - Toll Revenues Flow to G.F.

5. Equity Partnership

- Local Government (Unlikely Equity Partner for Knik Arm Crossing)
- Private Enterprise (Several Expressions of Interest Received)
  - Service Contract, Lease
  - Full Faith and Credit Pledge (Often Requested to Minimize Risk/Borrowing Cost; Requires Statewide Vote)
- Constitutional Constraints
  - State Debt
  - Annual Appropriation
  - Direction of Funds
  - Contract Negotiation
- Source of Funds
  - Tax-Exempt Borrowing
  - Non-Exempt Borrowing (Expensive)
- Federal Legislation
  - Industrial Revenue Bond Limit (Per Capita Basis)
  - Accelerated Depreciation in Question

6. CSHB 661

- Model: Airport Revenue Fund
- Desired This Year
  - Known Entity of Implementation Plan
  - Likely to be Used
- The CS is a Reasonable Bill
  - Responds to Concerns for Framework Concept
  - Timely for the Knik Arm Crossing Project

Correspondence From Firms Interested In Financing Or Constructing The  
Knik Arm Crossing.

WILLIAM KENT AND COMPANY

900 WEST FIFTH AVENUE, SUITE 610

ANCHORAGE, ALASKA 99501

(907) 276-0660

March 16, 1984

Mr. Jack Allen, P.E.  
Project Manager, Knik Arm Crossing  
Sverdrup & Parcel and Associates, Inc.  
430 C Street, Suite 200  
Anchorage, AK 99511

Dear Mr. Allen:

On March 14, John Olson and I met with Mr. Gopinath, Vice President of Corporate Affairs, Calista Corporation and Mr. Denji, Vice President of Calista International Corporation.


Calista has been dealing with Mitsui Shipbuilding and Engineering regarding the Knik Arm Crossing. Mitsui has done some work on design for the bridge, and has talked to their partners at the Mitsui Bank. Calista offered to meet with us to discuss engineering and financing in more detail, and offered to have Mitsui people come over.

We explained some of the more important constraints in state financing or other state participation, and our timetable for the project, and we offered to meet with them to discuss financing. We did not encourage them to bring any engineers over from Japan, at least not yet. I will arrange a meeting with Calista regarding financing in the next few weeks -- probably during the week of March 26.

Calista seemed interested in getting the following messages to us:

1. Confidentiality of their work is important to them. They believe that they have an advantage in their ability to bring financing into a package deal, and they do not want their concept, or their own engineering, to be public information before the bid.
2. They want the full faith and credit of the state behind the financing.
3. They were interested in seeing the project go forward, whether they were involved in the construction or not.

Sincerely,

  
Steven A. Rieger  
Vice President

SAR/bsb

cc: ADO T/PF