

SENATE CS FOR 2d CS FOR HOUSE BILL NO. 23(FIN) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/12/14

Offered: 4/4/14

Sponsor(s): REPRESENTATIVES NEUMAN AND HUGHES, Keller, Stoltze

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the Knik Arm Bridge and Toll Authority; relating to the bonding**
2 **authority of the Knik Arm Bridge and Toll Authority; requiring certain products used**
3 **in construction contracts for the Knik Arm bridge to be made in the United States;**
4 **relating to toll bridge revenue bonds; creating the toll bridge revenue fund, the toll**
5 **bridge revenue bond redemption fund, and the bond reserve fund; relating to powers**
6 **and duties of the state bond committee; and providing for an effective date."**

7 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

8 * **Section 1.** AS 19.75.021(b) is amended to read:

9 (b) The authority may not be terminated as long as it has bonds, notes, or other
10 obligations outstanding, **including obligations under an agreement with the state as**
11 **provided in AS 37.15.225.** Upon termination of the authority, its rights and property
12 pass to the state.

13 * **Sec. 2.** AS 19.75.111(a) is amended to read:

(a) Except as otherwise explicitly made applicable to the authority, the performance of the authority's duties and the exercise of its powers, including its powers to issue bonds and otherwise incur debt, shall be governed exclusively by this chapter. In furtherance of its purposes, the authority may

(1) own, acquire, construct, develop, create, reconstruct, equip, operate, maintain, extend, and improve the Knik Arm bridge and its appurtenant facilities;

(2) sue and be sued;

(3) adopt a seal;

(4) adopt, amend, and repeal regulations under AS 44.62 and establish bylaws;

(5) make and execute agreements, contracts, and all other instruments with any public or private person, **the state or another** governmental unit or agency, corporation, or other business entity lawfully conducting business in the United States for the exercise of its powers and functions under this chapter and for the financing, design, construction, maintenance, improvement, or operation of facilities, properties, or projects of the authority, including making and executing contracts with any person, firm, corporation, **the state or another** governmental agency, or other entity for the purpose of

(A) incurring indebtedness, **obtaining financing for the authority's projects,** obtaining investments in the authority's projects, acquiring or granting lump sum payments for services in advance or in arrears, grants, and other financing; and

(B) entering into public-private partnerships or service contracts in any form;

(6) in its own name acquire, lease, rent, sell, or convey real and personal property;

(7) issue and refund bonds in accordance with this chapter, in order to pay the cost of the Knik Arm bridge and its appurtenant facilities; the authority may also secure payment of the bonds as provided in this chapter;

(8) incur other indebtedness, including lines of credit and indebtedness

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

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

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

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

18 (12) pledge, encumber, transfer, or otherwise obligate revenue derived
 19 by the authority from the ownership, use, or operation of toll facilities, including fees,
 20 rents, tolls, rates, charges, or other revenue of the authority or money that the
 21 legislature may appropriate, except a state tax or license, as security for bonds or other
 22 indebtedness or agreements of the authority **or for bonds or other indebtedness or**
 23 **agreements of the state on a senior, parity, or subordinate lien basis;**

24 (13) deposit or invest its funds, subject to agreements with
 25 bondholders;

26 (14) procure insurance against any loss in connection with its
 27 operation;

28 (15) contract for and engage the services of consultants, experts, and
 29 financial and technical advisors that the authority considers necessary for the exercise
 30 of its powers and functions under this chapter;

31 (16) apply for, obtain, hold, and use permits, licenses, or approvals

from appropriate agencies of the state, the United States, a foreign country, and any other proper agency in the same manner as any other person;

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

(18) exercise powers of eminent domain or file a declaration of taking as necessary for the Knik Arm bridge and appurtenant facilities under AS 09.55.240 - 09.55.460 to acquire land or an interest in land **only if the Federal Highway Administration, United States Department of Transportation, has approved a loan to the authority for construction of the Knik Arm Crossing under 23 U.S.C. 601 - 609 (Transportation Infrastructure Finance and Innovation Act of 1998);**

the authority's exercise of powers under this paragraph may not exceed the permissible exercise of those powers by the state;

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

(20) do all acts and things necessary to carry out the powers expressly granted or necessarily implied in this chapter; nothing in this chapter limits the powers of the authority that are expressly granted or necessarily implied.

* **Sec. 3.** AS 19.75 is amended by adding a new section to read:

Sec. 19.75.112. Property of the authority. Notwithstanding AS 19.75.111(a)(6), the authority may not dispose of or destroy properties acquired through the power of eminent domain or a declaration of taking under AS 09.55.240 until the Federal Highway Administration, United States Department of Transportation, has approved a loan to the authority for construction of the Knik Arm Crossing under 23 U.S.C. 601 - 609 (Transportation Infrastructure Finance and Innovation Act of 1998).

* **Sec. 4.** AS 19.75.211(a) is amended to read:

(a) **Subject to AS 19.75.211(c)** [NOTWITHSTANDING ANY OTHER PROVISION OF LAW], the authority may borrow money and issue and refund bonds on which the principal and interest are paid out of and secured by the gross revenue derived by the authority from the ownership, use, and operation of its toll facilities, including money derived from the fees, rents, tolls, rates, charges, and other revenue

of the authority under this chapter and any other revenue or money that the legislature may appropriate, except a state tax or license. Before issuing bonds for the Knik Arm bridge, the authority shall submit to the state bond committee a description of the bond issue and a preliminary prospectus, offering circular, or official statement relating to the bond issue. Bonds may not be issued unless the state bond committee finds, based upon the information submitted by the authority under this section and other information that is reasonably available to the committee, that the Knik Arm bridge revenue and other revenue available to the authority can be reasonably expected to be adequate for payment of the principal of and interest on the bonds to be issued **by the authority and payments by the authority under an agreement under AS 37.15.255 for bonds issued by the state** and that issuance of the bonds by the authority would not be expected to adversely affect the ability of the state or its political subdivisions to market bonds.

* **Sec. 5.** AS 19.75.211(c) is amended to read:

(c) **The authority may not issue bonds under this chapter without prior approval from the legislature. If the** [THE] authority **receives legislative approval, the authority** may issue bonds in an aggregate amount not to exceed \$500,000,000, plus the cost of issuance.

* **Sec. 6.** AS 19.75.221(b) is amended to read:

(b) Notwithstanding any other provisions of this chapter, the trust agreement must contain an agreement by the authority that the authority will at all times maintain fees, rents, tolls, rates, or other charges sufficient to

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

(2) provide for debt service coverage as considered necessary by the authority for the marketing of its bonds; [AND]

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

(4) make payments to the state under an agreement under

1 **AS 37.15.255 for bonds issued by the state.**

2 * **Sec. 7.** AS 19.75.231 is amended to read:

3 **Sec. 19.75.231. Validity of pledge.** It is the intention of the legislature that a
 4 pledge made in respect of bonds **of the authority or bonds of the state** shall be
 5 perfected and shall be valid and binding from the time the pledge is made, that the
 6 money or property so pledged and after that received by the authority shall
 7 immediately be subject to the lien of the pledge without physical delivery or further
 8 act, and that the lien of the pledge shall be valid and binding against all parties having
 9 claims of any kind in tort, contract, or otherwise against the authority irrespective of
 10 whether the parties have notice. Neither the resolution, trust agreement, nor any other
 11 instrument by which a pledge is created need be recorded or filed under the provisions
 12 of the Uniform Commercial Code in order to be perfected or to be valid, binding, or
 13 effective against the parties. This section does not affect title to or conveyances of real
 14 property, and does not limit the applicability of AS 40.17.080(b).

15 * **Sec. 8.** AS 19.75 is amended by adding a new section to article 3 to read:

16 **Sec. 19.75.900. Use of materials manufactured in the United States.** (a)
 17 Notwithstanding any other provision of law, the authority shall include in a
 18 construction contract for the Knik Arm bridge entered into by the authority a provision
 19 under which the contractor agrees that steel, iron, and manufactured products with a
 20 total value greater than \$5,000 used or supplied by the contractor and any
 21 subcontractors in the performance of the contract, including any subcontract, will be
 22 made in the United States.

23 (b) A product shall be considered to be made in the United States under this
 24 section if

25 (1) the components of the product are made primarily of iron or steel,
 26 and all manufacturing of the product takes place in the United States, except
 27 metallurgical processes involving the refinement of steel; or

28 (2) the product is not made primarily of iron or steel, and all of
 29 (A) the manufacturing processes of the product take place in
 30 the United States; and

31 (B) the components of the product are made in the United

1 States, even if the subcomponents originate in another country.

2 (c) Except as provided by (f) of this section, the authority may, on request of a
3 contractor, request the commissioner of transportation and public facilities to waive
4 the requirement in (a) of this section for a construction contract. The commissioner
5 may grant the request if the commissioner determines that

6 (1) the requirement is not consistent with the public interest;

7 (2) the materials are not made in the United States in a sufficient
8 quantity that is reasonably available and of a satisfactory quality; or

9 (3) inclusion of materials made in the United States will increase the
10 cost of the contract by more than 25 percent.

11 (d) Before the commissioner of transportation and public facilities grants a
12 waiver under (c) of this section, the commissioner shall

13 (1) place on the Alaska Online Public Notice System (AS 44.62.175) a
14 notice that gives a detailed written justification why the waiver satisfies the
15 requirements of (c) of this section and that allows persons to provide comments to the
16 authority for a reasonable period of time; and

17 (2) consider all comments received under (1) of this subsection.

18 (e) A person is not eligible to receive a construction contract under (a) of this
19 section or to receive a subcontract from the contractor if a court, state agency, or a
20 federal agency, after notice and an opportunity to be heard, determines the person
21 intentionally

22 (1) placed a label stating "made in America," or other wording with the
23 same meaning, on a product used in a construction contract to which this section
24 applies, and the product was not made in the United States; or

25 (2) falsely represented to the authority that a product used in the
26 construction contract for the Knik Arm bridge was made in the United States.

27 (f) The authority may not waive the requirements of (a) of this section for a
28 construction contract if the commissioner of transportation and public facilities, after
29 consulting with the United States Trade Representative, determines that the product is
30 made in a foreign country and that the foreign country

31 (1) is a party to an agreement with the United States, and, under that

1 agreement, the head of a federal agency of the United States has waived the
2 requirements of this section; and

3 (2) has violated the terms of the agreement identified in (1) of this
4 subsection by discriminating against construction products that are made in the United
5 States and that are covered by the agreement.

6 (g) In this section,

7 (1) "construction" means the process of building, altering, repairing,
8 maintaining, improving, demolishing, planning, or designing the Knik Arm bridge and
9 its appurtenant facilities;

10 (2) "contractor" means a person who enters into a construction contract
11 with the authority;

12 (3) "intentionally" has the meaning given in AS 11.81.900;

13 (4) "United States" means the United States of America, the District of
14 Columbia, the Commonwealth of Puerto Rico, and the territorial possessions of the
15 United States of America.

16 * **Sec. 9.** AS 37.15 is amended by adding new sections to read:

17 **Article 1A. Toll Bridge Revenue Bonds.**

18 **Sec. 37.15.225. Bond authorization.** (a) For purposes of financing a portion
19 of the costs of the Knik Arm Crossing and appurtenant facilities or other toll bridges
20 as the legislature may designate, including the costs of bond issuance, the issuance and
21 sale of bonds of the state by the committee is authorized as provided in AS 37.15.225 -
22 37.15.285. The net proceeds of the sale of the bonds remaining after payment of costs
23 of issuance, capitalized interest, if any, and making deposits to the bond reserve fund
24 under AS 37.15.255, shall be transferred to the Knik Arm Bridge and Toll Authority
25 for the Knik Arm Crossing project facilities or another authority as the legislature may
26 designate for other projects approved by the legislature, or may be held by a trustee to
27 be disbursed to pay the costs of a toll bridge under the terms and conditions set out in
28 a trust agreement. Accrued interest paid on the bonds shall be paid into the bond
29 redemption fund.

30 (b) Prior to the issuance of bonds authorized under (a) of this section, the
31 committee shall send notice of the issuance to the legislature.

1 (c) The total unpaid principal amount of bonds, including refunding bonds, but
 2 excluding refunded bonds, is limited as provided in AS 37.15.230. The bonds do not
 3 constitute a general obligation of the state. Authorization by the voters of the state or
 4 the legislature is not required.

5 (d) The committee may enter into agreements with other state agencies as
 6 necessary or convenient to implement AS 37.15.225 - 37.15.285.

7 (e) The committee may contract for the services of underwriters, paying
 8 agents, trustees, bond printers, rating agencies, bond insurance, credit enhancement
 9 providers, accountants, financial advisors, and bond counsel, and other services as are
 10 necessary to accomplish the bond issuance and sale.

11 (f) The state may not issue bonds under (a) of this section for financing the
 12 Knik Arm Crossing until the Knik Arm Bridge and Toll Authority has been approved
 13 for a loan for construction of the Knik Arm Crossing from the Federal Highway
 14 Administration, United States Department of Transportation, under 23 U.S.C. 601 -
 15 609 (Transportation Infrastructure Finance and Innovation Act of 1998).

16 **Sec. 37.15.230. Toll bridge revenue bond limit.** The total unpaid principal
 17 amount of revenue bonds issued under AS 37.15.225 - 37.15.285, including refunding
 18 bonds but excluding refunded bonds, may not exceed \$300,000,000.

19 **Sec. 37.15.235. Toll bridge revenue fund.** (a) The toll bridge revenue fund is
 20 established as a separate fund of the state. The revenue fund consists of all revenue,
 21 fees, charges, and rentals received by the state, by contract with the authority or
 22 otherwise, from the ownership or operation of toll bridges and facilities and
 23 improvements used in connection with the toll bridges and facilities. Contracts or
 24 other agreements with the authority may establish priorities for the payment of
 25 operations and maintenance costs of the authority and for the payment of other
 26 obligations, including debt obligations of the authority, senior to the payments to be
 27 made by the authority to the state for deposit to the revenue fund. The money in the
 28 revenue fund may be used only

29 (1) to pay or secure payment of the principal of and interest on bonds;

30 (2) to redeem bonds before their fixed maturities; and

31 (3) subject to appropriation by the legislature, for any other purpose for

1 which federal funds may be obligated by the state under 23 U.S.C. 129(a).

2 (b) The investment of money in the revenue fund may be made in the manner
3 that the committee or the committee's delegated representative may determine. The
4 interest earned on or any profits derived from the sale of this investment shall be
5 deposited in and become a part of the revenue fund.

6 (c) All references to the toll bridge revenue fund in this section include special
7 accounts within the toll bridge revenue fund that may be created by resolution or trust
8 agreement to secure the payment of particular bonds.

9 **Sec. 37.15.240. Toll bridge revenue bond redemption fund.** (a) The toll
10 bridge revenue bond redemption fund is established as a special fund of the state. The
11 bond redemption fund is a trust fund for paying and securing the payment of the
12 principal of and interest and redemption premium, if any, on the bonds and shall be at
13 all times completely segregated and set apart from all other funds of the state. The
14 bond redemption fund shall be drawn on only for the purpose of paying the principal
15 of and interest and redemption premium, if any, on the bonds, together with related
16 trustee fees, if any.

17 (b) Money in the bond redemption fund may be invested in the same manner
18 and on the same conditions as permitted for investment of money belonging to the
19 state or held in the treasury under AS 37.10.070; however, the committee may agree
20 with the bondholders to further limit these investments. Earnings on investments must
21 be retained in the bond redemption fund or a designated account in the bond
22 redemption fund.

23 (c) All references to the bond redemption fund in this section include special
24 accounts in the bond redemption fund that may be created by resolution or first
25 agreement to secure the payment of particular bonds.

26 **Sec. 37.15.245. Bond terms.** (a) The bonds may be issued and sold at public
27 or negotiated sale in the manner, in the amounts or series, and at the time or times that
28 the committee or the committee's delegated representative determines. The bonds, or
29 each series of them, shall be sold at the price and on the terms, conditions, and
30 covenants set by the committee or the committee's delegated representative after
31 considering market conditions. Interest rates may be fixed or variable.

(b) The bonds mature at the time or times fixed by the committee or the committee's delegated representative. The bonds may be subject to redemption before their fixed maturities, as determined by the committee or the committee's delegated representative, with or without a premium or premiums. The bonds may be in denominations determined by the committee or the committee's delegated representative; may be issued in fully or partially registered form; must be payable as to principal and interest at the place or places determined by the committee; must be signed on behalf of the state in the manner provided by the committee; and must be issued under and subject to the terms, conditions, covenants, and protective features safeguarding payment of the bonds and relating to the funding of projects as found necessary by the committee or the committee's delegated representative.

(c) If the committee or the committee's delegated representative finds it reasonably necessary, the committee or the committee's delegated representative may select a trustee or trustees for the holders of the bonds, or any series of them, for the safeguarding and disbursement of any of the money in the bond redemption fund, or for duties with respect to the enforcement, authentication, delivery, payment, and registration of the bonds as the committee may determine. The committee or the committee's delegated representative shall fix the rights, duties, powers, and obligations of the trustee or trustees.

(d) In its determination of all matters and questions relating to the issuance and sale of the bonds and the fixing of their maturities, terms, conditions, and covenants as provided in (a) - (c) of this section, the decisions of the committee shall be reasonably necessary for the best interests of the state and accomplish the most advantageous sale of the bonds. Decisions of the committee, as expressed in a bond resolution, are final and conclusively considered to comply with the requirements of AS 37.15.225 - 37.15.285.

Sec. 37.15.250. Bond resolution. The committee shall authorize the issuance of bonds by adopting a resolution and shall prepare all other documents and proceedings necessary for the issuance, sale, and delivery of the bonds or any part or series of them. The bond resolution may fix or the committee's delegated representative, subject to parameters set by the committee, may fix the principal

1 amount, denominations, date, maturities, manner of sale, place or places of payment,
 2 rights of redemption, if any, terms, form, conditions, and covenants of the bonds or
 3 each series of bonds.

4 **Sec. 37.15.255. Bond reserve fund.** (a) The resolution authorizing the
 5 issuance of the bonds under AS 37.15.225 - 37.15.285 may provide for the
 6 establishment and maintenance of a special fund called the toll bridge revenue bond
 7 reserve fund in which there shall be deposited or transferred

8 (1) all money appropriated by the legislature for the purpose of the
 9 fund including appropriations in accordance with (g) of this section; and

10 (2) all proceeds of bonds required to be deposited in the fund by terms
 11 of the bond resolution or a trust agreement with respect to the proceeds of bonds.

12 (b) Subject to (h) of this section, money in the reserve fund shall be held and
 13 applied solely to the payment of the interest on and principal of bonds authorized
 14 under AS 37.15.225 - 37.15.285 as the interest and principal become due and payable
 15 to the retirement of bonds. Money may not be withdrawn if a withdrawal would
 16 reduce the amount in the reserve fund to an amount less than the required debt service
 17 reserve except for payment of interest then due and payable on bonds and the principal
 18 of bonds then maturing and payable and for the retirement of bonds in accordance
 19 with the terms of the bond resolution or trust agreement and for which payment is not
 20 then available.

21 (c) Money in the reserve fund in excess of the required debt service reserve as
 22 defined in (b) of this section, whether because of investment or otherwise, may be
 23 withdrawn at any time or may be transferred to the bond redemption fund subject to
 24 (h) of this section.

25 (d) Money in the reserve fund may be invested in the same manner and on the
 26 same conditions as permitted for investment of funds belonging to the state or held in
 27 the treasury under AS 37.10.070; however, the committee or the committee's
 28 delegated representative may agree with the bondholders to further limit these
 29 investments.

30 (e) For purposes of valuation, investments in the reserve fund shall be valued
 31 at par or, if purchased at less than par, at cost, unless otherwise provided by resolution

1 of the committee. Valuation on a particular date shall include the amount of interest
2 then earned or accrued to that date on the money or investments in the reserve fund.

3 (f) Notwithstanding any other provision of this Act, bonds may not be issued
4 under a trust agreement, indenture, or bond resolution unless there is in the reserve
5 fund the required debt service reserve for all bonds then issued under a trust
6 agreement, indenture, or bond resolution and outstanding and for the bonds to be
7 issued; however, the committee may satisfy this requirement by depositing as much of
8 the proceeds of the bonds to be issued, on their issuance, as is needed to meet the
9 required debt service reserve. The committee may at any time issue bonds or notes for
10 the purpose of increasing the amount in the reserve fund to the required debt service
11 reserve, or to meet whatever higher or additional reserve that may be fixed by a bond
12 resolution or trust agreement with respect to the fund.

13 (g) To ensure the required debt service reserve is maintained in the reserve
14 fund, the legislature may appropriate annually for deposit in the fund the sum, certified
15 by the commissioner of revenue to the governor and to the legislature, that is
16 necessary to restore the fund to an amount equal to the required debt service reserve.
17 The commissioner of revenue annually, before January 30, shall make and deliver to
18 the governor and to the legislature a certificate stating the sum required to restore the
19 fund to that amount, and the certified sum may be appropriated during the then current
20 state fiscal year. Nothing in this subsection creates a debt or liability of the state.

21 (h) All amounts received because of money appropriated to the reserve fund
22 shall be held and applied in accordance with (b) of this section.

23 (i) All references to the reserve fund in this section include special accounts
24 within the reserve fund that may be created by resolution or trust agreement to secure
25 the payment of particular bonds.

26 (j) The commissioner of revenue may, subject to appropriation, lend surplus
27 money in the general fund for deposit to an account in the reserve fund in an amount
28 equal to the required debt service reserve. The loans shall be made on the terms and
29 conditions that may be agreed on by the commissioner of revenue and the trustee,
30 including, without limitation, terms and conditions providing that the loans need not
31 be repaid until the obligations of the state secured and to be secured by the account in

1 the reserve fund are no longer outstanding.

2 (k) In this section, "required debt service reserve" means, on the date of
3 computation, the amount required to be on deposit in the reserve fund as provided by
4 resolution of the committee.

5 **Sec. 37.15.260. Enforcement by bond owner.** The holder of any bonds or the
6 trustee for the holders of the bonds or any series of them, may, by appropriate
7 proceedings in the superior court, compel the transfer, setting aside, and payment of
8 money and the enforcement of all of the terms, conditions, and covenants as required
9 and provided for in AS 37.15.225 - 37.15.285 and in the bond resolution or trust
10 agreement.

11 **Sec. 37.15.265. Amounts required for payments.** The committee shall,
12 before June 30 of each year or from time to time within the year, as appropriate,
13 commencing with the year in which the bonds are issued, certify to the commissioners
14 of revenue and administration the amounts required in the current fiscal year and the
15 next ensuing fiscal year by the bond resolution or resolutions or trust agreements to be
16 paid out of toll bridge revenue or capitalized amounts into the bond redemption fund
17 and to be paid into and maintained in any reserve fund or account or other fund or
18 account created by the bond resolution or resolutions. The committee shall also certify
19 to the commissioners the last date or dates on which payments may be made.

20 **Sec. 37.15.270. Refunding.** (a) The committee may refund the bonds or any
21 part of the bonds at or before their maturity or redemption dates by issuing refunding
22 revenue bonds of the state if the committee determines the refunding to be
23 advantageous to and in the best interest of the state.

24 (b) The issuance of refunding bonds need not be authorized by the voters of
25 the state or by an act of the legislature. The committee shall adopt the resolution or
26 resolutions and prepare all other documents and proceedings necessary for the
27 issuance, exchange or sale, and delivery of the refunding bonds. All provisions of
28 AS 37.15.225 - 37.15.285 applicable to revenue bonds are applicable to the refunding
29 bonds and to the issuance, sale, or exchange of the refunding bonds, except as
30 otherwise provided in this section.

31 (c) The committee may issue refunding bonds in a principal amount sufficient

1 to provide money for the advance or current refunding of all bonds to be refunded and
 2 interest on the refunded bonds and to pay the costs of issuance and administration of
 3 the refunding bonds. These expenses also include the difference in amount between
 4 the par value of the refunding bonds and any amount less than par for which the
 5 refunding bonds are sold; the premium, if any, necessary to be paid in order to call or
 6 retire the outstanding bonds and the interest accruing on them to date of the call or
 7 retirement; and other costs. The committee is authorized to incur the expenses.

8 (d) The committee or the committee's delegated representative may contract
 9 with a refunding trustee to hold the proceeds of refunding bonds in trust until the
 10 proceeds, together with earnings on the proceeds, are applied to pay the principal of,
 11 premium, if any, and interest on the bonds to be refunded. Until the refunding bond
 12 proceeds are applied, the proceeds may be invested in direct obligations of, or
 13 obligations guaranteed by, the United States or an agency or corporation of the United
 14 States whose obligations constitute direct obligations of, or obligations guaranteed by,
 15 the United States.

16 **Sec. 37.15.275. Bonds as legal investments.** The bonds are legal investments
 17 for all banks, trust companies, savings banks, savings and loan associations, and other
 18 persons carrying on a banking business, all insurance companies and other persons
 19 carrying on an insurance business, and all executors, administrators, trustees, and other
 20 fiduciaries. The bonds may be accepted as security for deposits of all money of the
 21 state and its political subdivisions.

22 **Sec. 37.15.280. Statutory construction.** AS 37.15.225 - 37.15.285 shall be
 23 liberally construed in order to carry out the purposes for which they were enacted.

24 **Sec. 37.15.285. Definitions.** In AS 37.15.225 - 37.15.285,

25 (1) "authority" means

26 (A) the Knik Arm Bridge and Toll Authority established in
 27 AS 19.75.021 with respect to the Knik Arm Bridge and its appurtenant
 28 facilities; or

29 (B) an authority established by the legislature for any other toll
 30 bridge project;

31 (2) "bond redemption fund" means the toll bridge revenue bond

1 redemption fund established in AS 37.15.240;

2 (3) "bond resolution" means a resolution adopted by the committee
3 under AS 37.15.250 to authorize the issuance of bonds;

4 (4) "bonds" means the toll bridge revenue bonds authorized in
5 AS 37.15.225 - 37.15.285;

6 (5) "committee" means the state bond committee created in
7 AS 37.15.110, or any other committee, body, department, or officer of the state that
8 succeeds to the rights, powers, duties, and obligations of the state bond committee by
9 law;

10 (6) "costs of issuance and administration" means all costs associated
11 with issuance and administration of toll bridge revenue bonds and refunding bonds,
12 including costs of bond printing, official statements, financial advisors, travel costs,
13 rating agencies, bond insurance, letters and lines of credit for credit enhancement,
14 underwriters, legal services, paying agents, bond registrars, bond and escrow trustees,
15 arbitrage rebate, and all other costs, including administrative costs, both direct and
16 indirect;

17 (7) "reserve fund" means the toll bridge revenue bond reserve fund
18 authorized in AS 37.15.255;

19 (8) "revenue fund" means the toll bridge revenue fund established in
20 AS 37.15.235.

21 * **Sec. 10.** This Act takes effect July 1, 2014.