

1 H.397

2 Introduced by Representative Minter of Waterbury

3 Referred to Committee on

4 Date:

5 Subject: Transportation; public transit authority

6 Statement of purpose: This bill proposes to establish a state public transit  
7 authority.

8 An act relating to the establishment of the Vermont State Public Transit  
9 Authority

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 29 V.S.A. chapter 64 is added to read:

12 CHAPTER 64. VERMONT PUBLIC TRANSIT AUTHORITY

13 § 1801. DEFINITIONS

14 As used in this chapter:

15 (1) "Authority" means the Vermont public transit authority established  
16 by section 1803 of this chapter.

17 (2) "Authority facilities" means the authority's public transit facilities  
18 and operations pursuant to joint service arrangements.

19 (3) "Joint service arrangements" means agreements between or among  
20 the authority and any public transit provider, the state, any state agency, the

1 federal government, any other state, any agency or instrumentality of another  
2 state, any public authority of this or any other state, or any political subdivision  
3 or municipality of the state relating to property, buildings, structures, facilities,  
4 services, rates, fares, classifications, divisions, allowances, or charges,  
5 including charges between operators of public transit facilities or rules or  
6 regulations pertaining to these items or in connection with or incidental to  
7 transportation in or upon public transit facilities located within the state and in  
8 or upon public transit facilities located outside the state.

9 (4) “Municipality” means a town, a city, or an incorporated village.

10 (5) “Public transit equipment” means jitneys, taxicabs, cars, vans, and  
11 limousines for hire, buses, commuter rail cars, locomotives and other rolling  
12 stock, rails, tracks, power, fuel, communication and ventilation systems, power  
13 plants, wires, tools, machinery, implements, supplies, material, equipment, and  
14 devices of any nature used or useful for the operation of public transit services.

15 (6) “Public transit facility” means stations, terminals, garages, parking  
16 lots, warehouses, multimodal facilities, storage yards, repair and maintenance  
17 shops, yards, offices, and other real property or personal property used or held  
18 for or incidental to the operation, rehabilitation, or improvement of any public  
19 transit line operating or to operate between points within the state. It shall also  
20 include rights, rights-of-way, leaseholds or other interests, and joint service  
21 arrangements, including but not limited to buildings, structures, and areas that

1 may not be devoted to any transit purpose other than the production of  
2 revenues available for the costs and expenses of all or any facilities of the  
3 authority. It shall also include the devices, appurtenances, equipment, power  
4 plants, and other related facilities used or useful in connection with the  
5 operation of the public transit facility.

6 (7) “State agency” means any officer, department, board, commissioner,  
7 bureau, division, agency, or instrumentality of the state.

8 § 1802. LAW GOVERNING PUBLIC TRANSIT IN THE STATE

9 It is the intent of the general assembly that in the event of any conflict or  
10 inconsistency in the provisions of this chapter and any other laws pertaining to  
11 matters addressed in this chapter or provided for or in any rules adopted under  
12 this chapter or other laws, to the extent of that conflict or inconsistency the  
13 provisions of this chapter shall be enforced and the provisions of the other laws  
14 and rules adopted in other chapters shall be of no effect.

15 § 1803. ESTABLISHMENT

16 (a) There is established a body corporate and politic, with corporate  
17 succession, to be known as the “Vermont Public Transit Authority.” The  
18 authority is constituted as an instrumentality of the state exercising public and  
19 essential governmental functions, and the exercise by the authority of the  
20 powers conferred by this chapter are deemed an essential governmental  
21 function of the state.

1       (b) All public transit facilities that are owned and operated by public  
2       agencies, authorities, or instruments of the state, or any combination of these  
3       entities, are hereby conveyed to the authority.

4       (c) The authority shall serve the following purposes:

5           (1) To provide public transit services that meet the mobility needs of the  
6           people of the state, including the elderly and the disabled.

7           (2) To produce a public transit study within one year of formation so as  
8           to determine the most efficient, cost-effective way to provide public transit  
9           statewide. The public transit study shall be updated once every five years.

10          (3) To connect different modes of transportation.

11          (4) To promote community design that features public transit services as  
12          defining elements of a community.

13          (5) To promote and assist in the development of ridership within the  
14          state.

15          (6) To facilitate energy conservation and efficient energy use in the  
16          transportation sector by providing public transit services.

17          (7) To mitigate traffic congestion and enhance air quality.

18          (8) To own, operate, and maintain the publicly owned public transit  
19          facilities in the state, except those owned by municipalities unless specifically  
20          transferred by the municipality.

1           (9) To determine if it is in the public interest to acquire any or all of the  
2 public transit equipment and public transit facilities of any public transit  
3 company having assets and operations within the state, if that public transit  
4 company makes public transit equipment or public transit facilities available  
5 for sale. The authority shall be empowered to acquire public transit equipment  
6 and public transit facilities if it determines that doing so is in the public  
7 interest.

8 § 1804. MEMBERSHIP OF AUTHORITY; VACANCIES

9           (a) The authority shall consist of a chairperson and 13 other members, each  
10 member residing in a different county, so that each of the state's 14 counties is  
11 represented. Five members shall be appointed by the governor, and nine shall  
12 be appointed by the senate. Members shall maintain their county residency  
13 during their term of office and must have been registered voters of the state for  
14 at least one year next preceding their appointment. Each member shall hold  
15 office for the term of his or her appointment and until his or her successor is  
16 appointed and qualified. A member shall be eligible for reappointment. A  
17 vacancy shall be filled in the same manner as the original appointment, but for  
18 the unexpired term only.

19           (b) The term of office of a member shall be five years. Members shall be  
20 eligible for reappointment to one five-year term but shall not be eligible for  
21 further reappointment.

1       (c) No member of the authority shall be in the employ of or own any stock  
2       in or be in any way directly or indirectly pecuniarily interested in any railroad,  
3       bus, or taxicab company, nor shall any member of the authority personally or  
4       through a partner or agent render any professional service or make or perform  
5       any business contract with or for any such company, nor shall any member of  
6       the authority, directly or indirectly, receive a commission, bonus, discount,  
7       gift, or reward from any such company.

8       § 1805. OFFICERS; QUORUM

9       The members shall meet at least once every quarter and at their first  
10       meeting annually shall elect one of their number to serve as chairperson and  
11       one of their number to serve as vice chairperson, each for a term of one year.  
12       The powers of the authority are vested in the members and eight members of  
13       the authority shall constitute a quorum. Action may be taken and motions and  
14       resolutions adopted by the authority at any meeting by the affirmative vote of a  
15       simple majority of the quorum. No vacancy in the membership of the  
16       authority shall impair the right of a quorum to exercise all the rights and  
17       perform all the duties of the authority.

18       § 1806. REMOVAL FROM OFFICE; OATH

19       The governor, with the advice and consent of the senate, may remove any  
20       member, including the chairperson or vice chairperson, for inefficiency,  
21       neglect of duty, or misconduct in office after giving him or her a copy of the

1 charges against him or her and an opportunity to be heard, in person or by  
2 counsel in his or her defense, upon not less than 10 days' notice. Each  
3 member, including the chairperson or vice-chairperson, before entering upon  
4 his or her duties shall take and subscribe an oath to perform the duties of his or  
5 her office faithfully, impartially, and justly to the best of his or her ability. A  
6 record of the oath shall be filed in the office of the secretary of state.

7 § 1807. COMPENSATION; EXPENSES

8 (a) The members, including the chairperson and vice-chairperson, shall  
9 serve without compensation, but the authority shall reimburse them for actual  
10 and necessary expenses incurred in the performance of official duties.

11 (b) Notwithstanding any other law, an officer or employee of the state shall  
12 not forfeit his or her office or employment or any benefits by reason of his or  
13 her acceptance of membership on the authority or of the position of  
14 chairperson or vice-chairperson of the authority. However, a member,  
15 chairperson, or vice-chairperson who holds other public office or employment  
16 shall receive no additional compensation for services rendered pursuant to this  
17 chapter, but shall be entitled to reimbursement for his or her actual and  
18 necessary expenses incurred in the performance of those services.

19 § 1808. TERMINATION OF AUTHORITY

20 The authority shall continue as long as it has bonds or other obligations  
21 outstanding and until its existence is terminated by law. Upon the termination

1 of the authority, all its rights and properties shall pass to and be vested in the  
2 state.

3 § 1809. COOPERATION AND ASSISTANCE OF OTHER AGENCIES

4 In the interests of efficiency and in recognition of fiscal constraints, the  
5 authority may make use of existing studies, surveys, plans, data, and other  
6 materials in the possession of any state agency or municipality or political  
7 subdivision of the state. Each agency, municipality, or subdivision is  
8 authorized to make the same available to the authority and otherwise to assist it  
9 in the performance of its functions. At the request of the authority, each  
10 agency, municipality, or subdivision which is engaged in transportation  
11 activities, regional economic development, or land use or development  
12 planning or which is charged with the duty of providing or regulating any  
13 transportation activities is further authorized to provide the authority with  
14 information regarding its plans and programs affecting the state so that the  
15 authority may have available to it current information. The officers and  
16 personnel of agencies, municipalities, or subdivisions and of any other  
17 government or agency may serve at the request of the authority upon advisory  
18 committees created by the authority. The officers and personnel may serve  
19 upon committees without forfeiture of office or employment and with no loss  
20 or diminution in the compensation, status, rights, and privileges which they  
21 otherwise enjoy.



1        § 1810. AUTHORIZED PROJECTS

2            (a) The powers and duties granted to the authority under this chapter shall  
3        be exercised only pursuant to the acquisition, operation, maintenance, or  
4        support of an authorized project as defined in this section.

5            (b) An authorized project shall mean a transportation facility as defined in  
6        section 701 of this title and specifically authorized by the general assembly.

7            (c) The acquisition, operation, maintenance, support, improvement,  
8        development, and extension of public transit service and facilities shall be an  
9        authorized project pursuant to this chapter.

10        § 1811. GENERAL POWERS

11            (a) The authority has the following powers for carrying out the purposes of  
12        this chapter:

13            (1) To adopt bylaws for the regulation of its affairs and conduct of its  
14        business.

15            (2) To maintain an office at such place or places within the state as it  
16        may designate.

17            (3) To sue and be sued in its own name and to plead and be impleaded  
18        and to litigate or adjust, compromise, or settle all claims or litigation in which  
19        it may be involved.

20            (4) To adopt an official seal and alter the same at pleasure.

1           (5) To borrow money and issue negotiable notes, bonds, or other  
2           obligations and to provide for the payment thereof and for the rights of the  
3           holders.

4           (6) To invest any funds held in reserve or sinking funds or any monies  
5           not required for immediate use or disbursement at the discretion of the  
6           authority in the same manner as permitted for investment of funds belonging to  
7           the state or held in the treasury.

8           (7) To adopt and amend bylaws for the management and regulation of  
9           its affairs and to make, alter, and enforce rules governing the conduct of its  
10          business and for use of its services and facilities.

11          (8) To enter into and enforce all contracts, agreements, and leases  
12          necessary and to execute all instruments necessary or convenient for the  
13          purposes of the authority or for the performance of its duties and the execution  
14          or carrying out of any of its powers under this chapter.

15          (9) To acquire, hold, lease, sell, transfer, convey, mortgage, or give a  
16          security interest in real or personal property in the exercise of its powers.

17          (10) To appoint and discharge at its pleasure officers and employees it  
18          may require for the performance of its duties and to fix and determine their  
19          qualifications, duties, and compensation, all without regard to Title 3, and to  
20          retain or employ counsel, auditors, engineers, and private consultants on a

1 contract basis or otherwise for rendering professional or technical services and  
2 advice.

3 (11) To make plans, surveys, and studies necessary, convenient, or  
4 desirable to the effectuation of the purposes and powers of the authority and to  
5 prepare recommendations in that regard.

6 (12) To enter upon any lands, waters, or premises necessary, convenient  
7 or desirable for the purpose of making surveys, soundings, borings, and  
8 examinations to accomplish any purpose authorized by this chapter. The  
9 authority shall be liable for actual damage done.

10 (13) To conduct investigations and hearings in the furtherance of its  
11 general purposes and to have access to any relevant books, records, or papers.  
12 If any person whose testimony is required for the proper performance of the  
13 duties of the authority shall fail or refuse to aid or assist the authority in the  
14 conduct of any investigation or hearing or to produce any relevant books,  
15 records, or other papers, the authority may apply for process of subpoena, to  
16 issue out of any superior court whose process can reach the person, upon due  
17 cause shown.

18 (14) To do all things necessary, convenient, or desirable to carry out the  
19 purposes of this chapter or the powers expressly granted or necessarily implied  
20 in this chapter.

21 (15) To promote and enhance regional economic development.

1       (b) Notwithstanding any other law, the authority and any of its subsidiary  
2       corporations may continue to provide any retirement, disability, death, or other  
3       benefits provided or required for public transit personnel pursuant to federal or  
4       state law.

5       § 1812. SUPPLEMENTARY POWERS

6       (a) In addition to the powers granted the authority under section 1811 of  
7       this chapter and only pursuant to projects specifically authorized by section  
8       1810 of this title, the authority:

9             (1) May acquire, by purchase, gift, grant, transfer, contract, or lease any  
10            transportation facility related to, supporting, or connected with an authorized  
11            project, wholly or partially within the state, or any part or the use of that  
12            transportation facility and may enter into any joint service arrangements  
13            provided under the provisions of this chapter. Any acquisition or joint service  
14            arrangement shall be authorized by resolution of the authority.

15            (2) May, on the terms and conditions it determines necessary,  
16            convenient, or desirable establish, construct, effectuate, operate, maintain,  
17            renovate, improve, extend, or repair any transportation facility related to,  
18            supporting, or connected with an authorized project; for that purpose it may  
19            provide for the establishment, construction, effectuation, operation,  
20            maintenance, renovation, improvement, extension, or repair by contract, lease,  
21            or other arrangement on the terms it deems necessary, convenient, or desirable

1 with any person, including any firm, corporation, partnership, or transportation  
2 provider, the state, any state agency, the federal government, any other state or  
3 agency or instrumentality, any public authority of this or any other state, or any  
4 political subdivision or municipality of the state. In connection with the  
5 operation of any authorized project, the authority may establish, construct,  
6 effectuate, operate, maintain, renovate, improve, extend, or repair or provide  
7 by contract, lease, or other arrangement for the establishment, construction,  
8 effectuation, operation, maintenance, renovation, improvement, extension, or  
9 repair of any related services and activities it deems necessary, convenient, or  
10 desirable, including feeder and connecting transportation, parking areas,  
11 transportation centers, stations, and related facilities.

12 (3) May establish, levy, and collect or cause to be established, levied,  
13 and collected and, in the case of a joint service arrangement, join with others in  
14 the establishment, levy, and collection of fares, tolls, rentals, rates, charges,  
15 and other fees it deems necessary, convenient, or desirable for the use and  
16 operation of any authorized project and related services operated by the  
17 authority or by a subsidiary corporation of the authority or under contract,  
18 lease, or other arrangement, including joint service arrangements with the  
19 authority. The fares, tolls, rentals, rates, charges, and other fees shall be  
20 established by the authority and shall be sufficient to maintain the combined  
21 operations of the authority and its subsidiary corporations on a self-sustaining

1 basis. The operations shall be deemed to be on a self-sustaining basis as  
2 required by this chapter when the authority is able to pay or cause to be paid  
3 from revenue and any other funds or property actually available to the  
4 authority and its subsidiary corporations as the same shall become due:

5 (A) The principal and interest on the bonds and notes and other  
6 obligations of the authority and subsidiary corporations, together with the  
7 maintenance of proper reserves.

8 (B) The cost and expense of keeping the properties and assets of the  
9 authority and its subsidiary corporations in good condition and repair.

10 (C) The capital and operating expenses of the authority and its  
11 subsidiary corporations.

12 (4) May contract with the holders of bonds and notes with respect to the  
13 exercise of the powers authorized by this section.

14 (5) May establish and, in the case of joint service arrangements, join  
15 with others in the establishment of schedules and standards of operations and  
16 other rules and regulations, including but not limited to rules governing the  
17 conduct and safety of the public as it may deem necessary, convenient, or  
18 desirable for the use and operation of any authorized project and related  
19 services operated by the authority or under contract, lease, or other  
20 arrangement, including joint service arrangements, with the authority. In the  
21 case of any conflict between any rule or regulation of the authority governing

1 the conduct or safety of the public and any law, ordinance, or rule, the rule of  
2 the authority shall prevail. Violation of any rule of the authority governing the  
3 conduct or the safety of the public in or upon any authority facility shall  
4 constitute an offense and shall be punishable by a fine not exceeding \$50.00 or  
5 imprisonment for not more than 30 days or both.

6 (6) May acquire, hold, own, lease, establish, construct, effectuate,  
7 operate, maintain, renovate, improve, extend, or repair any of its facilities  
8 through and may cause any one or more of its powers, duties, functions, or  
9 activities to be exercised or performed by one or more wholly owned  
10 subsidiary corporations of the authority and may transfer to or from any  
11 subsidiary corporation any moneys, real property, or other property for any of  
12 the purposes of this chapter. Any subsidiary corporation or corporations  
13 established pursuant to this chapter shall be constituted as instrumentalities of  
14 the state and any powers conferred to subsidiary corporations pursuant to this  
15 chapter shall be deemed essential governmental functions of the state. The  
16 directors or members of each subsidiary corporation shall be the same persons  
17 holding the offices of members of the authority. Each subsidiary corporation  
18 and any of its property, functions, and activities shall have all of the privileges,  
19 immunities, tax exemptions, and other exemptions of the authority and of the  
20 authority's property, functions, and activities. Each subsidiary corporation  
21 shall be subject to the restrictions and limitations to which the authority may be

1 subject and shall be subject to suit in accordance with section 1811 of this  
2 chapter. The employees of any subsidiary corporation, except those who are  
3 also employees of the authority, shall not be deemed employees of the  
4 authority.

5 (7) May, in its own name or in the name of the state, apply for and  
6 receive and accept grants of property, money, and services and other assistance  
7 offered or made available to it by any person or government, including the  
8 federal government or a state agency. It may use that assistance to meet capital  
9 or operating expenses, make payments of principal and interest on bonds and  
10 other loans issued to fund capital costs of projects, and serve any other use  
11 within the scope of its powers, and to negotiate for the same upon the terms  
12 and conditions the authority may determine necessary, convenient, or  
13 desirable.

14 (8) May do all things necessary, convenient, or desirable to manage,  
15 control, and direct the maintenance and operation of authorized projects,  
16 equipment, and real property operated by or under contract, lease, or other  
17 arrangement with the authority. Except as provided in this chapter, no  
18 municipality or political subdivision, including but not limited to a county,  
19 city, village, town, or school or other district, shall have jurisdiction over any  
20 facilities of the authority or any of its activities or operations. The local laws,  
21 resolutions, ordinances, rules, and regulations of a municipality or political



1 subdivision conflicting with this chapter or any rule of the authority shall not  
2 be applicable to the activities or operations of the authority or the facilities of  
3 the authority, except the facilities that are devoted to other than transportation  
4 purposes. Each municipality or political subdivision, including but not limited  
5 to a county, city, village, or town in which any facilities of the authority are  
6 located, shall provide for police, fire, and health protection services of the  
7 same character and to the same extent as those provided residents of the  
8 municipality or political subdivision. The jurisdiction, supervision, powers,  
9 and duties of the transportation board shall not extend to the authority in the  
10 exercise of any of its powers under this chapter unless specifically authorized  
11 by this chapter.

12 (9) May, whenever it shall determine that it is in the interest of the  
13 authority, rent, lease, or grant easements or other rights in, any real property or  
14 other personal property of the authority.

15 (10) May, on behalf of the state, the agency of transportation, and on its  
16 own behalf:

17 (A) Issue special obligation bonds to be secured by an annual pledge  
18 of a portion of the federal highway grants to the state.

19 (B) Issue such other bonds as may be necessary to provide the  
20 nonfederal match to any such bonds as may be required by federal law.

1           (C) Borrow funds directly from the federal government pursuant to  
2           loan authorizations that include those contained in the Transportation  
3           Infrastructure Finance and Innovation Act (Section 1503 of the Transportation  
4           Equity Act for the 21<sup>st</sup> Century, “TEA 21”), and otherwise pursuant to the  
5           provisions of Titles 23 and 49 of the United States Code, all as it may  
6           determine to be necessary to finance some or all of the costs of improvements  
7           to authority facilities.

8           (11) May, whenever it shall determine that it is in the interest of the  
9           authority, enter into contracts, credit leases, guarantee leases, financing leases,  
10           and other forms of credit agreements with any agency, including the agency of  
11           transportation or an instrumentality of the state, and any private party  
12           necessary to secure payment of any bonds, notes, or other obligations issued by  
13           the authority.

14           (12) May take all necessary actions to secure any federal assistance that  
15           is or may become available to the state or any of its political subdivisions for  
16           any purposes of this chapter. If any federal law, administrative regulations, or  
17           practice requires any action relating to such federal assistance to be taken by  
18           any agency or instrumentality of the state other than the authority, including  
19           the agency of transportation, such other agency or instrumentality is authorized  
20           and directed to take all such action, including filing applications for assistance  
21           and supervising the expenditure of federal grants or loans to the foregoing, and

1 the authority is hereby authorized and directed to take all actions that are not  
2 inconsistent with state law and that are necessary to permit such other agency  
3 or instrumentality to comply with federal requirements.

4 (b) Any agreements for the rental, lease, or use of any equipment or other  
5 transit facilities owned by the authority shall provide that the lessee is  
6 obligated to maintain the leased property or to provide compensation in an  
7 amount equal to reasonable maintenance costs.

8 § 1813. SUBSIDIARY CORPORATIONS

9 (a) Whenever any state, political subdivision, municipality, commission,  
10 agency, officer, department, board, division, or person is authorized and  
11 empowered for any of the purposes of this chapter to cooperate and enter into  
12 agreements with the authority, state, political subdivision, municipality,  
13 commission, agency, officer, department, board, division, or person shall have  
14 the same authorization and power to cooperate and enter into agreements with  
15 a subsidiary corporation of the authority.

16 (b) Each subsidiary corporation shall be a body politic and corporate and  
17 shall have all those powers vested in the authority by the provisions of this  
18 chapter which the authority shall determine to include in its certificate of  
19 incorporation, except the power to contract indebtedness.

1        § 1814. ACTIONS AGAINST AUTHORITY

2            (a) The authority, as an instrumentality of the state, shall be liable only for  
3 injury to persons or property or loss of life caused by the negligent or wrongful  
4 act or omission of an employee of the authority while acting within the scope  
5 of his or her office or employment to the same extent and in the same manner  
6 as the state would be liable to the claimant under sections 5601, 5602, 5603,  
7 and 5604 of Title 12.

8            (b) Each subsidiary corporation of the authority shall be subject to the  
9 provisions of subsection (a) of this section with respect to its liability for injury  
10 to persons or property or loss of life caused by the negligent or wrongful act or  
11 omission of its employee while acting within the scope of his or her office or  
12 employment as if such subsidiary corporation were separately named in this  
13 chapter; provided, however, that a subsidiary corporation of the authority  
14 which is a stock corporation shall not be subject to the provisions of this  
15 section except with respect to those causes of action arising on and after the  
16 first day of the 12th calendar month following that calendar month in which  
17 the stock corporation becomes a subsidiary corporation of the authority.

18        § 1815. RESERVE FUND

19            (a) The authority shall establish and maintain a special fund called the  
20 “Vermont Transit Authority Reserve Fund” in which there shall be deposited:

21            (1) All moneys appropriated by the state for the purpose of the fund.

1           (2) All proceeds of bonds required to be deposited in the fund by terms  
2           of any contract between the authority and its bondholders or any resolution of  
3           the authority with respect to the proceeds of bonds.

4           (3) Any other moneys or funds of the authority, including: grants and  
5           other federal assistance received by the authority either directly or through  
6           other agencies, including the agency of transportation, and instrumentalities of  
7           the state; any monies received from collection of fares, tolls, rentals, rates,  
8           charges, and other fees; and other monies received from public and private  
9           sources, however received, which it determines to deposit in the fund.

10           (b) Money in the reserve fund shall be held and applied solely to the  
11           payment of the interest on and principal of bonds of the authority as they  
12           become due and payable and for the retirement of bonds. Money may not be  
13           withdrawn if it reduces the amount in the reserve fund to an amount less than  
14           the “required debt service reserve” which means, as of any date of  
15           computation, the amount or amounts required to be in the reserve fund as  
16           provided by resolution of the authority, except for payment of interest then due  
17           and payable on bonds and the principal of bonds then maturing and payable  
18           and for the retirement of bonds in accordance with the terms of any contract  
19           between the authority and its bondholders and for which other money of the  
20           authority is not then available. Required debt service reserve shall not be  
21           required by resolution of the authority to exceed “maximum debt service”

1 which means, as of any date of computation, the largest amount of money  
2 required by the terms of all contracts between the authority and its bondholders  
3 to be raised in any succeeding calendar year for the payment of interest on and  
4 maturing principal of outstanding bonds and payments required by the terms of  
5 any contracts to sinking funds established for the payment or redemption of  
6 bonds, all calculated on the assumption that the bonds will cease to be  
7 outstanding after the date of the computation by reason of the payment of the  
8 bonds at their respective maturities and the payments of the required money to  
9 sinking funds and the application thereof in accordance with the terms of all  
10 contracts to the retirement of bonds.

11 (c) Money in the reserve fund at any time:

12 (1) In excess of the required debt service reserve, whether by reason of  
13 investment or otherwise, may be withdrawn by the authority and transferred to  
14 any other fund or account of the authority.

15 (2) May be invested in the same manner as permitted for investment of  
16 funds belonging to the state or held in the treasury.

17 (d) For purposes of valuation, investments in the reserve fund shall be  
18 valued at par if purchased at par or at amortized value, defined by resolution of  
19 the authority, if purchased at other than par.

20 (e) Notwithstanding any other provision of this chapter, bonds shall not be  
21 issued by the authority unless there is in the reserve fund the required debt

1 service reserve for all bonds then issued and outstanding and the bonds to be  
2 issued. However, the authority may satisfy the requirement by depositing so  
3 much of the proceeds of the bonds to be issued, upon their issuance, as is  
4 needed to achieve the required debt service reserve. The authority may at any  
5 time issue its bonds or notes for the purpose of increasing the amount in the  
6 reserve fund to the required debt service reserve or to meet higher or additional  
7 reserve fixed by the authority with respect to the fund.

8 (f) In order to assure the maintenance of the required debt service reserve in  
9 the reserve, fund there shall be appropriated annually and paid to the authority  
10 for deposit in the fund a sum certified by the chairperson of the authority to the  
11 governor or to the governor-elect as necessary to restore the fund to an amount  
12 equal to the required debt service reserve. Annually, on or before February 1,  
13 the chairperson shall make and deliver to the governor or the governor-elect a  
14 certificate stating the sum required to restore the fund to the required debt  
15 service reserve. The sum certified shall be appropriated and paid to the  
16 authority during the then-current fiscal year. The state shall have a first lien on  
17 the authority facilities in the amount of such sum so appropriated. The lien  
18 shall be prior to all other liens theretofore or thereafter attaching to the  
19 authority facilities.

20 (g) The authority may establish additional reserves or other funds or  
21 accounts necessary, desirable, or convenient to further the accomplishment of

1 its purposes or to comply with the provisions of any of its agreements or  
2 resolutions.

3 (h) Money or investments in any fund or account of the authority  
4 established or held for any bonds, notes, indebtedness, or liability to be paid,  
5 funded, or refunded by issuance of bonds or notes shall, unless the resolution  
6 authorizing the bonds or notes provides otherwise, be applied to the payment  
7 or retirement of the bonds, notes, indebtedness, or liability. If, in any fund or  
8 account, there are any moneys in excess of the amount required for payment,  
9 funding, or refunding, the moneys may be removed from that fund or account  
10 but only to the extent that the moneys or investments remaining in the fund or  
11 account are not less than the outstanding bonds, notes, indebtedness, or  
12 liability of the authority to be paid, funded, or refunded and for which that fund  
13 or account was established or held.

14 § 1816. ANNUAL REPORT; AUDIT

15 (a) The authority shall cause an audit of its books and accounts to be made  
16 at least once in each year by certified public accountants; the cost shall be  
17 considered an expense of the authority, and a copy shall be filed with the state  
18 treasurer.

19 (b) The auditor of accounts of the state and his or her authorized  
20 representatives may at any time examine the accounts and books of the



1 authority including its receipts, disbursements, contracts, sinking funds,  
2 investments, and any other matters relating to its financial statement.

3 § 1817. FORM OF OBLIGATION; FAITH AND CREDIT; REDEMPTION

4 (a) Bonds and notes issued under this chapter are not in any way a debt or  
5 liability of the state and do not create or constitute any indebtedness, liability,  
6 or obligation of the state nor are they or do they constitute a pledge of the faith  
7 and credit of the state, but all bonds and notes are general obligations of the  
8 authority payable solely from revenues or funds pledged or available for their  
9 payment as authorized in this chapter subject only to any agreements with the  
10 holders of particular notes or bonds pledging any particular receipts or  
11 revenues. Each bond and note shall contain on its face a statement to the effect  
12 that the authority is obligated to pay the principal and the interest only from  
13 revenues or funds of the authority and that the state is not obligated to pay the  
14 principal or interest and that neither the faith and credit nor the taxing power of  
15 the state is pledged to the payment of the principal of or the interest on the  
16 bonds or notes.

17 (b) The state does pledge to and agree with the holders of the bonds or  
18 notes issued under this chapter that the state will not limit or restrict the rights  
19 hereby vested in the authority to perform its obligations and to fulfill the terms  
20 of any agreement made with the holders of its bonds or notes or in any way  
21 impair the rights or remedies of the holders of those bonds or notes until the

1 bonds and notes, together with interest thereon and interest on any unpaid  
2 installments of interest are fully met, paid, and discharged. The authority is  
3 authorized to execute this pledge and agreement of the state in any agreement  
4 with the holders of the bonds or notes, including the holders of bonds issued  
5 pursuant to section 1812 of this chapter.

6 (c) Notwithstanding and in addition to any provisions for the redemption of  
7 bonds that may be contained in any contract with the holders of the bonds, the  
8 state may, upon furnishing the requisite funds, require the authority to redeem,  
9 prior to maturity, as a whole, any issue of bonds on any interest payment date  
10 not less than ten years after the date of the bonds of the issue at 106 percent of  
11 their face value and accrued interest or on an earlier redemption date or at a  
12 lower redemption price provided in the bonds. Notice of the redemption shall  
13 be given in the manner prescribed by the authority in the resolution authorizing  
14 the issuance of the bonds.

15 § 1818. NEGOTIABILITY

16 (a) Any law to the contrary notwithstanding, a bond or note issued under  
17 this chapter is fully negotiable for all purposes of section 1-101 et seq. of Title  
18 9A, and each holder or owner of a bond or note or of any coupon appurtenant  
19 to the bond or note, by accepting the bond or note or coupon, shall be  
20 conclusively deemed to have agreed that the bond, note, or coupon is fully  
21 negotiable for those purposes.

1       (b) Any provision of this chapter or of any other law or any recitals in any  
2       bonds or notes issued under this chapter to the contrary notwithstanding, all  
3       bonds, notes, and interest coupons appertaining thereto issued by the authority  
4       shall have and are hereby declared to have all the qualities and incidents,  
5       including negotiability, of investment securities under section 1-101 et seq. of  
6       Title 9A, but no provision of those sections respecting the filing of a financing  
7       statement to perfect a security interest shall be applicable to any security  
8       interest created in connection with the issuance of the bonds, notes, or  
9       coupons.

10       § 1819. BONDS OR NOTES AS LEGAL INVESTMENT

11       Notwithstanding any other law, the state and all public officers,  
12       governmental units and agencies thereof, all banks, trust companies, savings  
13       banks and institutions, building and loan associations, savings and loan  
14       associations, investment companies, and other persons carrying on a banking  
15       business, all insurance companies, insurance associations and other persons  
16       carrying on an insurance business, all credit unions, and all executors,  
17       administrators, guardians, trustees, and other fiduciaries may legally invest any  
18       sinking funds, moneys, or other funds belonging to them or within their control  
19       in any bonds or notes issued under this chapter, and the bonds or notes are  
20       authorized security for any and all public deposits.

1       § 1820. TAX EXEMPTION

2           (a) All property of the authority is public property devoted to an essential  
3       public and governmental function and purpose and is exempt from all taxes,  
4       franchise fees, and special assessments of any nature of the state or any  
5       subdivision. All bonds or notes issued under this chapter are issued by a body  
6       corporate and public of this state and for an essential public and governmental  
7       purpose and those bonds and notes and the interest on and the income from  
8       them and all activities of the authority and fees, charges, funds, revenues,  
9       incomes, and other moneys of the authority, whether or not pledged or  
10       available to pay or secure the payment of those bonds or notes or interest on  
11       them, are exempt from all taxation, franchise fees, or special assessments of  
12       any kind except for transfer, inheritance, and estate taxes.

13           (b) The authority is not required to make or file any reports, statements, or  
14       informational returns required of any other bodies corporate except as provided  
15       in this chapter.

16       § 1821. ISSUANCE OF BONDS

17           (a) The authority is authorized to provide, by resolution at one time or from  
18       time to time, for the issuance of its bonds and notes in an amount necessary to  
19       provide sufficient funds for achieving its purposes, including the acquisition,  
20       establishment, construction, effectuation, operation, maintenance, renovation,  
21       improvement, extension, or repair of any transportation facility, the payment of

1 interest on bonds and notes of the authority, establishment of reserves to secure  
2 the bonds and notes, the provision of working capital, and all other  
3 expenditures of the authority and its subsidiary corporations incident to and  
4 necessary or convenient to carry out their purposes and powers.

5 (b) The authority is authorized from time to time to issue renewal notes and  
6 bonds to pay notes. Whenever it deems refunding expedient, it may refund any  
7 bonds by the issuance of new bonds, whether the bonds to be refunded have or  
8 have not matured, and to issue bonds partly to refund bonds then outstanding  
9 and partly for any other purpose. The refunding bonds shall be sold and the  
10 proceeds applied to the purchase, redemption, or payment of the bonds to be  
11 refunded.

12 § 1822. FORM OF ISSUANCE

13 Bonds or notes of the authority shall be authorized by resolution of the  
14 authority and may be issued in one or more series and shall bear the date or  
15 dates, mature at the time or times, bear interest at the rate or rates of interest  
16 per annum, be in the denomination or denominations, be in the form, either  
17 coupon or registered, carry the registration privileges, have the rank or priority,  
18 be executed in the manner, be payable from the sources in the medium of  
19 payment at the place or places within or without the state, and be subject to the  
20 terms of redemption, with or without premium, as provided by the resolution.

1     § 1823. SALE PRICE

2         Bonds or notes of the authority may be sold at public or private sale at the  
3     price determined by the authority.

4     § 1824. APPROVAL OF GOVERNOR

5         No resolution or other action of the authority providing for the issuance of  
6     bonds or notes may be adopted or otherwise made effective without the prior  
7     approval in writing of the governor and the state treasurer. The powers  
8     conferred by this section on the governor and the state treasurer shall be  
9     exercised with due regard for the rights of the holders of bonds or notes of the  
10    authority at any time outstanding, and nothing in or done pursuant to this  
11    section shall in any way limit, restrict, or alter the obligation or powers of the  
12    authority or any member, officer, or representative of the authority to carry out  
13    and perform in every detail each and every covenant, agreement, or contract at  
14    any time made or entered into by or on behalf of the authority with respect to  
15    its bonds or for the benefit, protection, or security of the holders.

16    § 1825. PAYMENT OR REFUNDING OF NOTES

17         (a) The authority may from time to time issue its notes under this chapter  
18    and pay and retire or fund or refund the notes from proceeds of bonds or of  
19    other notes or from any other funds or moneys of the authority available for  
20    that purpose in accordance with any contract between the authority and the  
21    holders of the notes. Unless provided otherwise in any contract between the

1 authority and the holders of notes and unless the notes are otherwise paid,  
2 funded, or refunded, the proceeds of any bonds of the authority issued, among  
3 other things, to fund any outstanding notes shall be held, used, and applied by  
4 the authority to the payment and retirement of the principal of the notes and the  
5 interest due and payable.

6 (b) All notes or bonds retired under subsection (a) of this section shall be  
7 retired at a price not exceeding:

8 (1) If the notes or bonds are then redeemable, the redemption price then  
9 applicable plus accrued interest to the next interest payment date; or

10 (2) If the notes or bonds are not then redeemable, the redemption price  
11 applicable on the first date after the purchase upon which the notes or bonds  
12 become subject to redemption plus accrued interest to that date.

13 § 1826. TERMS OF AGREEMENT WITH BOND OR NOTEHOLDER

14 (a) The authority may, in any resolution of the authority authorizing or  
15 relating to the issuance of any bonds or notes, covenant and contract with the  
16 holders of the bonds or notes:

17 (1) To pledge all or any part of the fares, tolls, rentals, rates, charges,  
18 federal highway grants, and other fees made or received by the authority or any  
19 of its subsidiary corporations and other money received or to be received to  
20 secure the payment of the notes or bonds, subject to the agreements with  
21 bondholders or noteholders then existing.

1           (2) To pledge all or any part of the assets of the authority or of any of its  
2           subsidiary corporations to secure the payment of the notes or bonds, subject to  
3           the agreements with noteholders or bondholders then existing.

4           (3) To covenant with respect to the use and disposition of fares, tolls,  
5           rentals, rates, charges, and other fees made or received by the authority or any  
6           of its subsidiary corporations.

7           (4) To covenant with respect to the setting aside of reserves or sinking  
8           funds and the regulation and disposition of these reserves or sinking funds.

9           (5) To covenant with respect to the limitations on the purpose to which  
10          the proceeds of sale of notes or bonds may be applied and pledging the  
11          proceeds to secure the payment of the notes or bonds or of any issue of them.

12          (6) To covenant with respect to the limitations on the issuance of  
13          additional notes or bonds, the terms upon which additional notes or bonds may  
14          be issued and secured, and the refunding of outstanding or other notes or  
15          bonds.

16          (7) To covenant the procedure, if any, by which the terms of any  
17          contract with noteholders or bondholders may be amended or abrogated and  
18          the amount of notes or bonds the holders of which must consent to and the  
19          manner in which consent may be given.

20          (8) To covenant with respect to the limitations on the amount of money  
21          to be expended by the authority or any of its subsidiary corporations for



1 operating, administrative, or other expenses of the authority or any of its  
2 subsidiary corporations.

3 (9) To vest in a trustee or trustees any property, rights, powers, and  
4 duties in trust as the authority may determine, which may include any or all of  
5 the rights, powers, and duties of the trustee appointed by the holders of any  
6 bonds or notes, and to limit or abrogate the right of the holders of any bonds or  
7 notes of the authority to appoint a trustee under this chapter or to limit the  
8 rights, powers, and duties of such trustee.

9 (10) To covenant with respect to any other matters, of like or different  
10 character, which in any way affect the security or protection of the notes or  
11 bonds.

12 (b) In addition to the powers of the authority to secure its notes and bonds,  
13 the authority may, in connection with the issuance of notes and bonds, enter  
14 into any agreements the authority deems necessary, convenient, or desirable  
15 concerning the use or disposition of its moneys or property or the moneys or  
16 property of any of its subsidiary corporations, including the mortgaging of any  
17 property and the entrusting, pledging, or creation of any other security interest  
18 in any moneys or property and the doing of any act, including refraining from  
19 doing any act, which the authority would have the right to do in the absence of  
20 the agreements. The authority may enter into amendments of any agreements  
21 within the powers granted to the authority under this chapter and perform those

1 agreements. The provisions of any such agreements may be made a part of the  
2 contract with the holders of the notes and bonds of the authority.

3 (c) Any pledge, mortgage, or security instrument made by the authority  
4 shall be valid and binding from the time when the pledge, mortgage, or  
5 security instrument is made. The moneys or property pledged, mortgaged, and  
6 entrusted and received by the authority shall immediately be subject to the lien  
7 of the pledge, mortgage, or security instrument without any physical delivery  
8 or further act, and the lien of the pledge, mortgage, or security instrument shall  
9 be valid and binding against all parties having claims of any kind in tort,  
10 contract or otherwise against the authority, irrespective of whether the parties  
11 have notice. Neither the resolution nor any mortgage, security instrument, or  
12 other instrument by which a pledge, mortgage lien, or other security is created  
13 need be recorded or filed, and the authority shall not be required to comply  
14 with any of the provisions of the Uniform Commercial Code.

15 § 1827. PRESUMPTION OF VALIDITY

16 After issuance, all bonds and notes of the authority shall be presumed to be  
17 fully authorized and issued in conformity with all the laws of this state, and  
18 any person or governmental unit shall be stopped from questioning their  
19 authorization, sale, issuance, execution, or delivery by the authority.

1     § 1828. PROPERTY RIGHT CONFERRED

2         When it is necessary or appropriate for the authority to acquire any property  
3         within the state or some easement or other limited right or interest in property  
4         in order that it may carry out the purposes of this chapter, it may condemn the  
5         property, interest, or right and acquire it by the exercise of the right of eminent  
6         domain in the manner herein provided.

7     § 1829. JURISDICTION OF TRANSPORTATION BOARD;

8             COMPENSATION; APPEALS

9         Jurisdiction is conferred upon the transportation board to hear and  
10         determine all questions relating to the necessity or propriety of a taking  
11         proposed by the authority and to determine and award compensation for the  
12         taking to the persons entitled. When the transportation board finds that it is  
13         appropriate or necessary for the authority to condemn property or a right or  
14         interest in order that the authority may carry out its powers or the purposes of  
15         this chapter, it shall adjudge the authority entitled to condemn the property or  
16         right and shall assess the compensation to be paid and shall determine the time  
17         and manner of the payment. The compensation shall be based upon the value  
18         of the property on the day the petition of the authority is presented to the  
19         transportation board and shall include as separate elements the value of the  
20         property taken, impairment to the value of remaining property or rights of the  
21         owner, and consequential damages including but not limited to the damage to

1 the owner's business. However, if the authority or the person or persons  
2 owning or interested in the property or right are dissatisfied with the  
3 compensation assessed by the transportation board, either the authority or the  
4 person or persons may within 20 days after the order of the transportation  
5 board is made apply by petition in writing to the superior court of the county  
6 within which the property or right or any part is situated to have the amount of  
7 compensation reassessed and the time and manner of payment redetermined,  
8 and either party may demand and have a trial by jury. The petition shall be  
9 served and returned as is a writ of summons.

10 § 1830. PETITION; REHEARING

11 The authority shall petition the transportation board to hear and determine  
12 all questions relating to the necessity or propriety of its proposed taking and to  
13 award compensation for a taking to the persons entitled, setting forth in the  
14 petition the description of the property or right sought to be taken, the names  
15 and residences of the owners and of all persons known to be interested, and the  
16 grounds for the proposed taking and the reasons why it is unable to acquire the  
17 property or right without condemnation and why the acquisition is necessary or  
18 appropriate to carry out the powers of the authority or the purposes of this  
19 chapter. Upon receipt of the petition, the transportation board shall set a time  
20 and place for hearing and shall issue a citation which shall be served in  
21 accordance with subsection 111(b) of Title 30. Unless an answer denying the

1 necessity or propriety of the proposed taking is filed by one or more parties  
2 served or appearing in the proceedings on or before the date set in the citation  
3 for hearing on the petition, the necessity and propriety shall be deemed to be  
4 conceded, and the transportation board shall so find and proceed to hear and  
5 determine the issues with respect to compensation.

6 § 1831. PROCEDURE

7 The provisions of sections 113, 114, and 124 of Title 30 shall be applicable  
8 to proceedings under sections 1829 and 1830 of this chapter.

9 § 1832. VESTING OF TITLE

10 (a) Upon the payment or deposit of the amounts awarded by the  
11 transportation board as compensation for a taking, with interest, if any, in  
12 accordance with its order, the authority shall be the owner of the property or  
13 right described in the findings of the board. However, when a petition is  
14 brought to have the amount of compensation reassessed or the time and  
15 manner of payment redetermined under section 1829 of this chapter, the  
16 ownership shall be an equitable title only with right of possession until the  
17 judgment of the superior court is complied with.

18 (b) Nothing contained in this section shall be construed to prevent the  
19 authority from bringing any proceedings to remove a cloud on title or any other  
20 proceedings as it may, in its discretion, deem proper and necessary or from  
21 acquiring any property by negotiation or purchase.

1       (c) Where a person entitled to an award in the proceedings to condemn any  
2       real property for any of the purposes of this chapter remains in possession of  
3       the property after the time of the vesting of title in the condemnor, the  
4       reasonable value of his or her use and occupancy of the property subsequent to  
5       a time as fixed by agreement or by the court in the proceedings or by any court  
6       of competent jurisdiction shall be a lien against the award subject only to the  
7       liens of record at the time of vesting of title in the condemnor.

8       § 1833. DEFAULT IN PAYMENT

9       If the authority defaults in the payment of principal or interest on any issue  
10       of notes or bonds after they become due, whether at maturity or upon call for  
11       redemption, and the default continues for 30 days or if the authority fails or  
12       refuses to comply with the provisions of this chapter or defaults in any  
13       agreement made with the holders of notes or bonds, the holders of 25 percent  
14       in aggregate principal amount of the notes or bonds of any issue then  
15       outstanding, by instrument or instruments filed in the office of the clerk of the  
16       county of Washington and proved or acknowledged in the same manner as a  
17       deed of real estate to be recorded, may appoint a trustee to represent the  
18       holders of these notes or bonds for the purposes herein provided.

1     § 1834. POWERS OF TRUSTEE ON DEFAULT

2           (a) A trustee appointed under section 1833 of this chapter may, and shall in  
3     his or her or its name, upon written request of the holders of 25 percent in  
4     principal amount of the notes or bonds then outstanding:

5           (1) by civil action, enforce all rights of the noteholders or bondholders,  
6     including the right to require the authority to collect fares, tolls, rentals, rates,  
7     charges, and other fees adequate to carry out any agreement as to, or pledge of,  
8     the fares, tolls, rentals, rates, charges, and other fees and to require the  
9     authority to carry out any other agreements with the holders of the notes or  
10    bonds and to perform its duties under this chapter.

11          (2) bring suit upon the notes or bonds.

12          (3) by action or suit require the authority to account as if it were the  
13    trustee of an express trust for the holders of the notes or bonds.

14          (4) by action or suit enjoin any acts or things which may be unlawful or  
15    in violation of the rights of the holders of the notes or bonds.

16          (5) declare all notes or bonds due and payable, and if all defaults shall  
17    be made good, then, with the consent of the holders of 25 percent of the  
18    principal amount of the notes or bonds then outstanding, annul the declaration  
19    and its consequences.

20          (b) The trustee shall, in addition to the foregoing, have all of the powers  
21    necessary for the exercise of any functions specifically set forth in this section

1 or incident to the general representation of bondholders or noteholders in the  
2 enforcement and protection of their rights.

3 (c) Before declaring the principal of notes or bonds due and payable, the  
4 trustee shall give 30 days' notice in writing to the governor, to the authority,  
5 and to the general assembly.

6 § 1835. SUPERIOR COURT JURISDICTION

7 The superior courts have jurisdiction of any suit, action, or proceeding by a  
8 trustee on behalf of noteholders or bondholders.

9 § 1836. PERSONAL LIABILITY

10 Neither the members of the authority nor any person executing bonds or  
11 notes issued under this chapter are liable personally on the bonds or notes.

12 § 1837. SEVERABILITY

13 The provisions of this chapter are severable, and if any of its provisions  
14 shall be held unconstitutional by any court of competent jurisdiction, the  
15 decision of the court shall not affect any of the remaining provisions.